

**HEALTH SERVICES AND DEVELOPMENT AGENCY
FEBRUARY 28, 2018
APPLICATION SUMMARY**

NAME OF PROJECT: The Plastic Surgery Center of Brentwood

PROJECT NUMBER: CN1711-035

ADDRESS: 620 Church Street East
Brentwood, (Davidson County), TN 37027

LEGAL OWNER: The Plastic Surgery Center of Brentwood, LLC
1909 Mallory Lane, Suite 104
Franklin, (Williamson County), TN 37067

OPERATING ENTITY: Not Applicable

CONTACT PERSON: Winn Elliott
(615) 771-7718

DATE FILED: November 15, 2017

PROJECT COST: \$4,524,636

FINANCING: Commercial Loan and Operating Cash

PURPOSE FOR FILING: Establishment of a Single Specialty ambulatory surgical treatment center (ASTC) limited to plastic surgery and the physicians who are owners or employees of the Plastic Surgery Clinic, PLLC

DESCRIPTION:

The Plastic Surgery Center of Brentwood is a proposed ASTC that will be limited to plastic surgery and the physicians or employees of the Plastic Surgery Clinic, PLLC d/b/a Cool Springs Plastic Surgery. The proposed ASTC will contain two operating rooms and one procedure room.

SERVICE SPECIFIC CRITERIA AND STANDARD REVIEW

Ambulatory Surgical Treatment Centers (*Revised May 23, 2013*)

The following apply:

1. Need. The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need.² An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

The applicant is proclaiming itself a Specialty ASTC so that Criteria 1-4 do not apply to this application

It appears that this criterion is not applicable.

2. Need and Economic Efficiencies. An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

The applicant is proclaiming itself a Specialty ASTC so that Criteria 1-4 do not apply to this application

It appears that this criterion is not applicable.

3. Need; Economic Efficiencies; Access. To determine current utilization and need, an applicant should take into account both the availability and utilization of either: a) all existing outpatient Operating Rooms and

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Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available³) OR b) all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

The applicant is proclaiming itself a Specialty ASTC so that Criteria 1-4 do not apply to this application

It appears that this criterion is not applicable.

4. Need and Economic Efficiencies. An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

Note to Agency members:

For a dedicated outpatient operating room:

- ***Full Capacity is defined as 1,263 cases per year.***
- ***Optimum Capacity is defined as 70% of full capacity, or 884 cases per year.***

For a dedicated outpatient procedure room:

- ***Full Capacity is defined as 2,667 cases per year.***
- ***Optimum capacity is defined as 70% of full capacity, or 1,867 cases per year.***

The applicant is proclaiming itself a Specialty ASTC so that Criteria 1-4 do not apply to this application

It appears that this criterion is not applicable.

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

The applicant notes that the current owners of the practice, Drs. Moore and Papillon, performed 820 outpatient surgeries and procedures in 2017. Additionally a third physician, Dr. Moran, joined the practice in the fall of 2017 and expects to reach a volume of surgical procedures similar to the other two physicians. Based on these assumptions the applicant expects to attain 508 operating room (OR) cases and 242 procedure room (PR) cases in Year 1, and 700 OR Cases and 215 PR Cases in Year 2. The applicant expects that based on this projected volume the ORs will be in use 66% of the schedulable time and the procedure room will be utilized 19% of schedulable time.

Note to Agency members: The applicant selected 6 Davidson County ZIP Codes and 6 Williamson County ZIP Codes as the primary service area. HSDA staff is considering all of Davidson and Williamson County in this summary as the applicant has acknowledged that approximately 13% of its patients are projected to reside in other Davidson County ZIP Codes and over 20% of patients are expected to reside in other Williamson County ZIP Codes.

The applicant does not anticipate that the proposed project will have a negative impact on any other service area providers. The applicant identifies 6 ASTCs in Davidson County and 1 ASTC in Williamson County that currently perform plastic surgery cases. Of these 7 ASTCs, 4 are meeting the 70% utilization standard in the ORs and none are meeting the 70% utilization standard in the PRs.

With respect to meeting this criterion, the applicant has provided a methodology for projecting surgical volumes; however not all ASCTCs that perform plastic surgery in Davidson and Williamson Counties are meeting the minimum utilization standard. It appears that this criterion has been partially met.

6. Access to ASTCs. The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

The applicant's primary service area consists of 12 ZIP Codes in Davidson and Williamson Counties which is within 60 minutes of the applicant's ASTC location.

It appears this criterion has been met.

7. Access to ASTCs. An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available

The applicant's site is not on a public transportation route but is within a quarter mile of an interstate exit.

It appears this criterion has been met.

8. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

Based on the historical utilization of the plastic surgery practice, the applicant expects approximately 8% of the patients will reside in Davidson County primary service area ZIP Codes, approximately 13% of patients will reside in other Davidson County ZIP Codes, approximately 48% of the patients will reside in Williamson County primary service area ZIP Codes, approximately 20% of patients will reside in other Williamson County ZIP Codes. The applicant provided a patient origin chart on page 5R of Supplemental 2.

It appears this criterion has been met.

9. Access and Economic Efficiencies. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

The applicant projected annual utilization and specific methodology on page 15R of the original application.

It appears this criterion has been met.

10. Patient Safety and Quality of Care; Health Care Workforce.

- a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care (AAAHC), the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

The applicant will seek accreditation from The Accreditation Association for Ambulatory Health Care (AAAHC).

It appears this criterion has been met.

- b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

The three physicians associated with the practice are all board certified in plastic surgery. The applicant also employs five clinic nurses, one surgery tech, and five nurse injectors. The applicant anticipates contracting with Vanderbilt University Medical Center for anesthesia services.

It appears this criterion has been met.

11. Access to ASTCs. In light of Rule 0720-11.01, which lists the factors

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concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

The applicant has indicated that this criterion is not applicable.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

Since the applicant is not a hospital, this standard is not applicable to this proposed project.

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

The applicant notes that the procedures performed by the applicant are elective and not typically covered by TennCare. The applicant expects that all reimbursement will be self-pay initially but will seek to participate in the Medicare program in the future.

It appears this criterion has been met.

- d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times. The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

The applicant notes that several types of plastic surgery cases can require three to four hours of surgical preparation and surgical time.

It appears this criterion has been met.

Staff Summary

The following information is a summary of the original application and all supplemental responses. Any staff comments or notes, if applicable, will be in bold italics.

Application Synopsis

The Plastic Surgery Center of Brentwood seeks approval to establish a single specialty ambulatory surgical treatment center (ASTC) limited to plastic surgery and the physician owners and employees of The Plastic Surgery Clinic, PLLC d/b/a Cool Springs Plastic Surgery. The ASTC will be located at 620 Church Street East, Brentwood, (Davidson County), 37027.

The applicant expects to perform the following types of plastic surgery: rhinoplasty, facelift, neck lift, blepharoplasty, brow lift, otoplasty, facial fat grafting, lip augmentation, mole removal, breast augmentation and other breast procedures, breast implant removal, tummy tuck, liposuction, brachioplasty, and hand rejuvenation.

The proposed project is expected to be completed by September 2018.

Facility Information

- The ASTC will utilize 4,482 square feet (SF) of a 15,314 SF medical office building. Plastic Surgery Clinic, PLLC d/b/a Cool Springs Plastic Surgery, the physician practice, will relocate its offices from Cool Springs to the site in Brentwood utilizing the remaining space.
- The distance between the existing physician practice located in Franklin's Cool Springs area and the proposed project is approximately 9 miles north.
- A floor plan drawing is included in the Appendix of the original application.
- The ASTC will contain 2 operating rooms and one procedure room.

Ownership

- The ASTC will be the Plastic Surgery Center of Brentwood and owned by the Plastic Surgery Center of Brentwood, LLC.
- The physician practice is the Plastic Surgery Clinic, PLLC d/b/a Cool Springs Plastic Surgery.
- The medical office building that will contain the ASTC is owned by TigerCo, LLC. TigerCo, LLC will lease the space to the Plastic Surgery Center of Brentwood, LLC for the ASTC.
- Drs. John Moore and Paul Papillon own 50% each of the Plastic Surgery Center of Brentwood, LLC and The Plastic Surgery Clinic, PLLC. The ownership split for TigerCo, LLC is 60% for Dr. Moore and 40% for Dr. Papillon.

NEED

Project Need

The applicant states a certificate of need for a single specialty ASTC limited to plastic surgery and the physicians of the practice are being requested for the following reasons:

- The applicant desires to have an ASTC that focuses on the particular requirements of plastic surgery.
- The applicant expects that the proposed project will have little impact on existing ASTC providers that offer plastic surgery.

Service Area Demographics

The Plastic Surgery Center of Brentwood's primary service area (PSA) consists of six ZIP Codes each in Davidson and Williamson Counties. Demographic highlights of the ZIP Code primary service area and both counties in total and combined are provided as follows:

- Based on a 2015 population estimate from the Bureau of the Census the population of the 12-ZIP code area is 298,562.
- The total population of Davidson and Williamson Counties is estimated at 923,587 residents in CY 2018 increasing by approximately 7% to 988,039 residents in CY 2022.
- The overall Tennessee statewide population is projected to grow by 4.4% from 2018 to 2022.
- Female residents age 15+ account for approximately 41.5% of the total two-county population compared to 42.1% statewide.
- Females Age 15+ is expected to increase by 7.1% compared to 4.7% statewide from CY2018 - CY2022.
- The number of residents enrolled in TennCare is approximately 17% of the total PSA population compared to 21% statewide.

Service Area Historical Utilization

The applicant identified 7 ASTCs in Davidson and Williamson Counties that provide plastic surgery services.

2015-2016 Service Area Utilization Trend

County	ASTC	2015 PS Cases	2015 Total Cases	2015 PS as a %Total	2016 PS Cases	2016 Total Cases	2016 PS as a %Total	PS Cases '15-'16 change	Total Cases '15-'16 change
Davidson	Baptist Plaza Surgicare	834	8,237	10.1%	814	8,769	9.3%	-1.9%	6.5%
Davidson	Centennial	144	7,038	2.0%	132	7,531	1.8%	-8.3%	7.0%
Davidson	*Delozier	457	457	100%	449	449	100%	-1.8%	-1.8%
Davidson	Nashville ASC	156	581	26.9%	NA	NA	NA	NA	NA
Davidson	Northridge	16	2,304	0.7%	13	2,484	0.1%	-18.8%	7.8%
Davidson	St. Thomas Surgicare	304	7,203	4.2%	291	7,290	4.0%	-4.3%	1.2%
Davidson	Summit ASTC	46	4,369	1.1%	49	5,411	0.9%	6.5%	23.8%
Williamson	Cool Spring ASTC	285	8,194	3.5%	286	9,224	3.1%	0.4%	12.6%
	Grand Total/Average	2,242	38,383	5.8%	2,034	41,158	4.9%	-9.3%	7.2%

PS=Plastic Surgery

Source: ASTC JAR, 2015-2016

*Delozier Surgery Center has a pending CON application (CN1711-032) to convert its single specialty ASTC limited to plastic surgery to a multi-specialty ASTC

- Except for Delozier Surgery Center which only performs plastic surgery cases, plastic surgery has not accounted for greater than 10% of the caseload for the other six multi-specialty surgery centers in Davidson and Williamson Counties reporting plastic surgery cases in 2016.
- The percentage of plastic surgery cases as a % of total for those multi-specialty ASTCs that performed plastic surgery ranged from 0.1% in Northridge to 9.3% at Baptist Plaza Surgicare in 2016.
- Overall for the seven ASTCs in Davidson and Williamson Counties that performed plastic surgery, plastic surgery accounts for approximately 5-6% of the total.
- Plastic surgery cases at these ASTCs decreased 9.3% between 2015 and 2016 while total surgical cases at these ASTCs increased 7.2% between 2015 and 2016.

Note to Agency members: Nashville Surgery Center has been in inactive status since September 2015 but reported 581 total cases and 156 plastic surgery cases in 2015. Nashville Surgery Center did not file a JAR in 2016.

2016 Service Area ASTC Utilization

County	ASTC	# ORs	# OR Cases	# Cases per OR	% of meeting 884 Minimum	# PRs	# PR Cases	# Cases per PR	% of Meeting 1,867 Minimum
Davidson	Baptist Plaza Surgicare	9	8,487	943	107%	1	282	282	15.1%
Davidson	Centennial	6	5,216	869	98.3%	2	2,315	1,158	62.0%
Davidson	Delozier	1	449	449	51%	0	0	0	0
Davidson	Northridge	5	2,171	434	49.1%	2	313	156.5	8.4%
Davidson	St. Thomas Surgicare	6	5,973	995.5	113%	1	1,317	1,317	70.5%
Davidson	Summit ASTC	5	4,983	996.6	113%	1	428	428	22.9%
Williamson	Cool Spring ASTC	5	5,698	1,140	129%	2	3,526	1,763	94.4%
	Grand Total/Average	37	32,977	891.3	101%	9	8,181	909	48.7%

Source: ASTC JAR

- Four of the seven ASTCs in Davidson and Williamson Counties that performed plastic surgery in 2016 met or exceeded the minimum surgical volume operating room standard.
- The range was from 51% (Delozier) to 129% (Cool Springs Surgery Center).
- Overall the seven ASTCs were at 101% of the minimum operating room volume standard.
- None of the six ASTCs in Davidson and Williamson Counties that have procedure rooms and performed plastic surgery in 2016 met or exceeded the minimum surgical volume procedure room standard.
- The range was from 8.4% (Northridge) to 94.4% (Cool Springs Surgery Center).
- Overall the six ASTCs were at 48.7% of the minimum procedure room volume standard.

2016 Service Area Hospital Outpatient Surgery Utilization

County	Hospital	Plastic Surgery Outpatient Cases	Total Outpatient Cases	Plastic Surgery as a % of Total
Davidson	Metro General Hospital	6	2,641	0.2%
Davidson	St. Thomas Midtown	376	8,204	4.6%
Davidson	St. Thomas West	297	6,302	4.7%
Davidson	Centennial Medical Center	2,088	25,868	8.1%
Davidson	Tri-Star Skyline Medical Center	318	5,098	6.2%
Davidson	TriStar Summit Medical Center	61	4,199	1.5%
Davidson	Vanderbilt Medical Center	1,889	35,724	5.3%
Williamson	Williamson Medical Center	6	5,046	0.1%
	TOTAL	5,041	93,082	5.4%

Source: 2016 Hospital JAR

- Plastic surgery cases have not accounted for greater than 8.1% of the caseload for any of the hospitals in Davidson and Williamson Counties that performed outpatient plastic surgery.

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- The percentage of plastic surgery cases as a% of total for these hospitals ranged from 0.1% at Williamson Medical Center to 8.1% at Centennial Medical Center in 2016.
- Overall for the eight hospitals in Davidson and Williamson Counties that performed plastic surgery, plastic surgery accounted for approximately 5.4% of the outpatient surgical totals in 2016.

Applicant's Projected Utilization

The following are the applicant's projected utilization for the operating and procedure rooms:

Year	#ORs	OR Cases	Cases/OR	#PRs	PR Cases	Cases/PR
2019	2	538	269	1	242	242
2020	2	700	350	1	215	215

Source: CN1711-035 Supplemental #2

- By 2020 the applicant expects to perform 700 plastic surgery cases in the operating rooms and 215 plastic surgery cases in the procedure rooms.

ECONOMIC FEASIBILITY

Project Cost

Major costs of the \$4,524,636 total estimated project cost are as follows:

- \$3,099,750-Fair market value of leased space or approximately 68.5% of the total project cost. The applicant will lease the space from TigerCo, LLC.
- The next highest cost is for moveable equipment of \$750,000 or approximately 16.6% of total project cost.
- For other details on Project Cost, see the Project Cost Chart on page 23 of the original application.

Financing

There will be a loan from First Citizens Bank to TigerCo of \$5,311,197 for the building acquisition and site development which will include the ASTC and other areas associated within the physician practice.

There will be a loan from First Citizens Bank to the Plastic Surgery Center of Brentwood, LLC of \$1,572,858 for the tenant finish out of the surgery center.

There will be a loan from First Citizens Bank to Plastic Surgery Clinic, PLLC d/b/a Cool Springs Plastic Surgery of \$1,302,222 for the finish out of clinical and other non-ASTC areas of the building.

The total of these loans is \$8,186,276; however only the funds associated with the ASTC are included in the Project Cost. The remainder of the cost associated with the ASTC is \$590,133 and will be derived from the cash flow of the PLLC.

The applicant provides three letters from First Citizens Bank documenting interest in completing the three loans mentioned above.

- Review of the Plastic Surgery Clinic, PLLC unaudited balance sheet revealed on December 31, 2016 current assets of \$192,637 and current liabilities of \$36,976 for a **Current Ratio** of approximately 5.21 to 1.0.

Note to Agency Members: Current Ratio is a general measure of liquidity and is the ratio of current assets to current liabilities which measures the ability of an entity to cover its current liabilities with its existing current assets. A ratio of 1:1 would be required to have the minimum amount of assets needed to cover current liabilities.

- The applicant projects a net operating margin ratio for the total facility of 21.9% in Year 1 and 22.0% in Year 2.

Note to Agency Members: The net operating margin demonstrates how much revenue is left over after all the variable or operating costs have been paid.

- The Plastic Surgery Clinic, PLLC's capitalization ratio is expected to be 93.1% after securing the loan to renovate the building.

Note to Agency Members: The capitalization ratio measures the proportion of debt financing in a business's permanent financing mix.

Historical Data Chart

Since the applicant is proposing the establishment of a new ASTC, there is no Historical Data Chart to report.

Projected Data Chart

The applicant projects \$1,375,000 in total gross revenue on 780 surgical cases during the first year and \$1,625,000 in total gross revenue on 915 cases in the second year of operation (approximately \$1,776 per case). The Projected Data Chart reflects the following:

- Net income for the applicant is projected at \$190,515 in Year 1 increasing to \$253,665 in Year 2.
- The only difference between gross operating revenue and net operating revenue is \$10,000 in Charity Care in Year 1 and \$15,000 in Charity Care in

Year 2. The Year 2 charity amount of \$15,000 equates to approximately nine cases.

- The applicant has no insurance contracts and collects fees up front so that there are no contractual adjustments or bad debt.

Charges

In Year One of the proposed project, the average charge per surgical case is as follows:

- Average Gross Charge
\$1,763
- Average Deduction from Operating Revenue
\$13
- Average Net Charge
\$1,750

Payor Mix

- Other than an allowance of \$10,000 in Year 1 for charity care, all revenue is expected to be self-pay as plastic surgery cases are typically elective procedures.

Note to Agency members: In supplemental #1, the applicant indicates an interest in being Medicare certified at some point after the second year of operation.

PROVIDE HEALTHCARE THAT MEETS APPROPRIATE QUALITY STANDARDS

Licensure

- The applicant expects the proposed ASTC to be licensed by the Tennessee Department of Health as a single-specialty ASTC limited to plastic surgery.

Certification

- The applicant plans to be Medicare certified at some point after the second year of operation. The applicant does not expect to seek TennCare/Medicaid certification.

Accreditation

- The applicant will seek accreditation from The Accreditation Association for Ambulatory Health Care (AAAHC).

Other Quality Standards

- In the first supplemental response the applicant commits to obtaining and/or maintaining the following:
 - Staffing levels
 - Licenses in good standing
 - Medicare certification
 - Self-assessment and external peer assessment processes
 - Maintaining the current three physicians utilizing the facility plus any other plastic surgeons who become employees of the physician practice
 - The applicant expects to utilize anesthesiologists at Vanderbilt University Medical Center for the provision of anesthesia services at the proposed ASTC

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE

Agreements

- The applicant plans to have a transfer agreement with Williamson Medical Center for any emergency cases that could arise at the proposed ASTC.
- The physician members of the applicant are on the medical staff of Williamson Medical Center.

Impact on Existing Providers

- The applicant does not expect to have a significant impact on other area providers. Other than the Delozier Surgery Center in Nashville, which is a single specialty ASTC limited to plastic surgery, plastic surgery typically is less than 10% of the caseload for other providers in the area that have historically provided plastic surgery services. It should also be noted that the Delozier Surgery Center has a pending CON application to expand to a multi-specialty ASTC.
- In the first supplemental response the applicant reports that in 2016 Drs. Moore and Papillon performed 139 surgeries at Williamson Medical Center, 138 surgeries at the Cool Springs Surgery Center, and 398 surgeries in the physicians' practice offices. For the first 10 months of 2017, the two physicians performed 176 surgeries at Williamson Medical Center, 157 surgeries at the Cool Springs Surgery Center, and 432 surgeries in the physicians' practice offices.
- Once the ASTC is in operation outpatient surgical cases will no longer be performed in the physician practice offices; however non-surgical cosmetic procedures such as Botox injections, filler injections, skin care services, and

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certain laser procedures which can be performed by an RN will continue in the practice offices.

Staffing

The applicant's proposed direct patient care staffing in Year One includes the following:

Position Type	Year One FTEs
Nurses	4.0
Surgical Tech	2.0
Total Direct Care Staff	6.0

Source: CN1711-035

Corporate and real estate documentation are on file at the Agency office and will be available at the Agency meeting.

Should the Agency vote to approve this project, the CON would expire in two years.

CERTIFICATE OF NEED INFORMATION FOR THE APPLICANT:

There are no other Letters of Intent, denied or pending applications, or outstanding Certificates of Need for this applicant.

CERTIFICATE OF NEED INFORMATION FOR OTHER SERVICE AREA FACILITIES:

There are no Letters of Intent, denied applications, or outstanding Certificates of Need for similar service area entities proposing this type of service.

Pending Applications

Delo0zier Surgery Center, CN1711-032, has a pending CON application that will be heard at the February 28, 2018 Agency meeting for the conversion of an existing ASTC limited to a single specialty (plastic surgery) to a multi-specialty ASTC. The ASTC will maintain one operating room located at 209 23rd Avenue North Nashville, (Davidson County). **The estimated project cost is \$50,000.**

PLEASE REFER TO THE REPORT BY THE DEPARTMENT OF HEALTH, DIVISION OF HEALTH STATISTICS, FOR A DETAILED ANALYSIS OF THE STATUTORY CRITERIA OF NEED, ECONOMIC FEASIBILITY, HEALTH CARE THAT MEETS APPROPRIATE QUALITY STANDARDS, AND CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE IN THE AREA FOR THIS PROJECT. THAT REPORT IS ATTACHED TO THIS SUMMARY IMMEDIATELY FOLLOWING THE COLOR DIVIDER PAGE.

MAF
02/14/2018

LETTER OF INTENT



State of Tennessee
Health Services and Development Agency
 Andrew Jackson Building, 9th Floor
 502 Deaderick Street
 Nashville, TN 37243
www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Tennessean which is a newspaper of general circulation
 in Davidson, Tennessee, on or before November 10, 2017, for one day.
 (Name of Newspaper)
 (County) (Month / day) (Year)

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

The Plastic Surgery Center of Brentwood a proposed ambulatory surgical treatment center
 (Name of Applicant) (Facility Type-Existing)

owned by: The Plastic Surgery Center of Brentwood, LLC with an ownership type of limited liability company
 and to be managed by: itself intends to file an application for a Certificate of Need for:

the establishment of a single-specialty ambulatory surgical treatment center with two operating rooms and one procedure room. This ambulatory surgical treatment center will be limited to plastic surgery cases and procedures performed by medical physicians who are owners or employees of The Plastic Surgery Clinic, PLLC, which does business as Cool Springs Plastic Surgery. The project's location will be at 620 Church Street East, Brentwood, Tennessee 37027 in Davidson County. The estimated project costs are approximately \$4,700,000. No inpatient beds are affected by or involved in the project. No major medical equipment will be involved in this project.

The anticipated date of filing the application is November 15, 2017.

The contact person for this project is Winn Elliott Business Manager
 (Contact Name) (Title)

who may be reached at: Cool Springs Plastic Surgery 1909 Mallory Lane, Suite 104
 (Company Name) (Address)

Franklin Tennessee 37067 615 / 771-7718
 (City) (State) (Zip Code) (Area Code / Phone Number)
William West 11/9/17 winn@coolspringsplasticsurgery.net
 (Signature) (Date) (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Application (Copy)

The Plastic Surgery Center
of Brentwood

CN1711-035

November 29, 2017

9:06 am



State of Tennessee

Health Services and Development Agency

Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
 www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. Name of Facility, Agency, or Institution

The Plastic Surgery Center of Brentwood
 Name

620 Church Street East
 Street or Route

Brentwood
 City

TN
 State

Davidson
 County

37027
 Zip Code

Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.

2. Contact Person Available for Responses to Questions

Winn Elliott
 Name

Business Manager
 Title

Cool Springs Plastic Surgery
 Company Name

winn@coolspringsplasticsurgery.net
 E-mail address

1909 Mallory Lane, Suite 104
 Street or Route

Franklin
 City

TN
 State

37067
 Zip Code

Business Manager
 Association with Owner

615-771-7718
 Phone Number

615-410-2096
 Fax Number

NOTE: **Section A** is intended to give the applicant an opportunity to describe the project. **Section B** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on **8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response.** All questions must be answered. If an item does not apply, please indicate "N/A" (not applicable). **Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.**

3. SECTION A: EXECUTIVE SUMMARY

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

- 1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;

RESPONSE: This project proposes the establishment of a new healthcare institution, an ambulatory surgical treatment center to be known as The Plastic Surgery Center of Brentwood. This ASTC will be a single specialty surgery center composed of two operating rooms, one procedure room and related space, located at 620 Church Street East, Brentwood, Tennessee 37027. This property is on the county line between Davidson and Williamson counties. Its driveway entrance is in Williamson County, but the building which, after grant of the CON and proper renovations, will house the ASTC lies entirely in Davidson County. This ASTC will be limited to plastic surgery cases and procedures performed by plastic surgeons who are members of, or employed by, The Plastic Surgery Clinic, PLLC, which does business as Cool Springs Plastic Surgery. The Plastic Surgery Clinic, PLLC plans to move its primary physician practice office to this structure at 620 Church Street East; it will utilize 71.3% of the building for the primary physician offices of its rapidly growing plastic surgery practice.

- 2) Ownership structure;

RESPONSE: The applicant for this project is The Plastic Surgery Center Brentwood, LLC, which is a limited liability company whose members are also members of The Plastic Surgery Clinic, PLLC. The Plastic Surgery Center Brentwood, LLC will lease the space for this ASTC from TIGERCO, LLC, the owner of 620 Church Street East in the Brentwood zip code. The owners of TIGERCO are Dr. John Moore and Dr. Paul Papillon, who are also the members of The Plastic Surgery Clinic, PLLC and The Plastic Surgery Center Brentwood, LLC.

- 3) Service area;

RESPONSE: This ASTC's proposed service area, as defined by the rules of the HSDA, consists of 12 zip codes in Davidson and Williamson Counties. These zip codes are: 37027, 37067, 37204, 37064, 37069, 37179, 37205, 37215, 37204, 37221, 37062 and 37046.

- 4) Existing similar service providers;

RESPONSE: While there are two ASTCs in the service area in which plastic surgery cases and procedures are performed, the Applicant believes that only one ASTC in Davidson County is dedicated to plastic surgery alone: the Delozier Surgery Center, whose medical staff, per its 2016 JAR, consists of one physician, Dr. Joseph Delozier. Applicant is also informed that another CON applicant, Maxwell Aesthetics, PLLC, was granted CON No. CN1303-009 in 2013 for an ASTC limited to plastic surgery. However, the applicant's representatives have been informed that CON CN1303-009 has expired with the project unbuilt.

- 5) Project cost;

RESPONSE: The applicant plans to lease the space for this project from TIGERCO, which purchased the existing building at this site from its prior owners and which plans to renovate the building to contain the proposed ASTC, comprising 27.8% of the finished space in this building and medical practice offices of The Plastic Surgery Clinic, PLLC. Because the CON project cost in this context is defined by HSDA rules as the greater of the sum of the project's lease

payments or the value of the lease, the applicant has followed the HSDA practice of assessing the costs of developing the ASTC space as the measure of the value of the lease. The applicant intends to lease its ASTC space at the rate of \$195,000 per year for 10 years, with a 3% per year rate of increase. The sum of these payments is 2,235,456. The determination of the costs of developing the ASTC space yields a greater value: \$3,099,749. The details of this value of the lease analysis is set forth below:

	Amount	% Applied to ASC	ASC Costs
Land/Building Acquisition	\$2,798,486.00	28.7%	\$803,165
Building Codes and Zoning	41,761.77	28.7%	11,986
Site Development	125,072.00	28.7%	35,896
Building Construction Cost			
Building Shell Conversion Cost	1,828,239.95	28.7%	524,705
Tenant Finish Out Surgery Center	1,318,575.60	100%	1,318,571
Tenant Finish Out Clinical	661,368.68	0	0
Tenant Finish and Non-Surgical	590,268.77	0	0
Soft Cost	1,412,636.61	28.7%	405,427
TOTAL	\$8,776,409.39		\$3,099,749

6) Funding;

RESPONSE: The development of this ASTC project will be funded by a bank loan backed by The Plastic Surgery Clinic, PLLC's assets and guaranties of Dr. Moore and Dr. Papillon.

7) Financial Feasibility including when the proposal will realize a positive financial margin; and

RESPONSE: The members of the applicant believe that this project will realize a positive financial margin in its first year of operation, given the active practices of Dr. Moore and Dr. Papillon, and the addition this year of another board-certified plastic surgeon, Dr. Mary Lynn Moran, to the practice of The Plastic Surgery Clinic, PLLC.

8) Staffing.

RESPONSE: The Plastic Surgery Clinic, PLLC has had an active medical practice in this area for a number of years. It currently employs five registered nurses in its clinic along with one surgery tech and five nurse injectors. Given the attractiveness to nurses of working in an ASTC, the applicant does not project difficulties in attracting two to four FTE registered nurses and two surgical techs to work in this ASTC. The applicant also anticipates contracting with Vanderbilt University Medical Center for anesthesia services.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need;

RESPONSE: The applicant is asking for a certificate of need to authorize the establishment of a specialty ASTC for plastic surgery cases and procedures. This application is for the establishment of an ASTC limited to plastic surgery cases and procedures. The State Health

Plan directs applicants for a CON who desire to limit the cases as the ASTC to focus on the particular requirements of their specialty.

The applicant projects that the plastic surgery cases performed in the operating room at the proposed ASTC will take an average amount of approximately 150 minutes per case. For procedures done in the proposed procedure room of the ASTC, the applicant proposes that each such procedure will take an average of approximately 90 minutes per procedure.

Since the ASTC proposed in this CON application will be utilized only by physicians who are members or employees of Plastic Surgery Clinic, PLLC, d/b/a Cool Springs Plastic Surgery, the approval of this proposed ASTC will have a limited impact on any other ASTC in this project's proposed service area.

Given the 12 zip code service area of the applicant, there is only one ASTC in the Williamson County zip codes and one ASTC in the Davidson County zip codes in the service area which have provided plastic surgery cases. In Williamson County in 2016, the Cool Springs Surgery Center at 2009 Mallory Lane in Franklin, Tennessee 37067, provided only 286 plastic surgery cases out of 5,698 total cases according to its 2016 JAR. The OR capacity, as determined by the standards of the State Health Plan and the Joint Annual Report for Cool Springs Plastic Surgery was over 90% in its ORs, and over 66% in its procedure rooms. Thus, given the utilization of the capacity of the Cool Springs surgery center, the approval of the CON at issue of the Plastic Surgery Center of Brentwood's CON application will have no meaningful impact on the Cool Springs Plastic Surgery Center.

In the service area's Davidson County zip codes, only one surgery center currently in operation lists any plastic surgery cases in its 2016 utilization: St. Thomas Surgicare at 4230 Harding Road, Nashville, Tennessee 37205. Its 2016 JAR shows 291 plastic surgery cases out of 5,973 surgical cases performed (4.9%). Its operating room capacity in 2016, according to its JAR, was 78.8% of maximum utilization.

2) Economic Feasibility;

RESPONSE: This ASTC project is economically feasible. The project is based on the active plastic surgery practice of the physicians in The Plastic Surgery Clinic, PLLC, who will be the only physicians who utilize this ASTC. These physicians are Dr. John R. Moore, Dr. Paul Papillon and Dr. Mary Lynn Moran. All three are board certified plastic surgeons. Dr. Moore is the founder of the PLLC. He established his office in 1994 as the first full-time plastic surgeon's office in Williamson County. Therefore, the practice is a very stable, financially successful practice based in Williamson County. Its patients in the surgery center in the proposed ASTC will be patients of the PLLC. The structure in which the ASTC is located will also house the main offices of The Plastic Surgery Clinic, PLLC, which does business as Cool Springs Plastic Surgery. This arrangement will increase efficiencies for the physicians and the nursing staff that will serve the surgery center. Given the shared physical facilities, the cost to the applicant of carrying out and operating the ASTC will be highly economical.

The efficiencies which accompany this project are indicated by how the applicant has been able to redevelop its primary physician offices in a structure in which approximately 28.7% of the square footage is assigned to the ASTC. By having a unified structure which houses both its extensive physician practice and its affiliated ASTC, the applicant assures the economic feasibility of its surgery center.

3) Appropriate Quality Standards; and

RESPONSE: As noted above, all three of the surgeons involved in The Plastic Surgery Clinic, PLLC are board certified in plastic surgery. Dr. Papillon is also board certified in general

surgery and Dr. Moran is also board certified in Otolaryngology/Head and Neck Surgery. The high level of education and training of these physicians will assure that appropriate quality standards are met in this ASTC. In fact, Dr. Moran, prior to her relocation to middle Tennessee in 2017, had served as a member of the Medical Board of California for seven years. This indicates her commitment to high standards of the practice of medicine and is a tribute to her training and education in medicine and surgery.

4) Orderly Development to adequate and effective health care.

RESPONSE: This proposed ASTC which is dedicated to plastic surgery will be the only single specialty ASTC for plastic surgery in the proposed service area. In 2013, the HSDA approved CON No. CN1303-009AE to another plastic surgery practice, Maxwell Aesthetics, PLC, for the establishment of a single-specialty ASTC limited to plastic surgery. That project was never developed, and the representative of the applicant has been informed that the CON for that project has expired. Therefore, the need for an ASTC dedicated to plastic surgery has not been fulfilled. This project will fulfill the need previously identified in the service area for an ASTC dedicated to plastic surgery.

Also, the members of The Plastic Surgery Clinic, PLLC are members of the medical staff at Williamson Medical Center. They anticipate having a transfer agreement with Williamson Medical Center for handling problems that potentially may arise at the proposed ASTC.

Therefore, this project will satisfy the criteria of the CON statute that the project will contribute to the orderly development of adequate and effective healthcare.

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

RESPONSE: Given the HSDA's meeting schedule, expedited review is not possible for the application.

4. SECTION A: PROJECT DETAILS

A. Owner of the Facility, Agency or Institution

The Plastic Surgery Center Brentwood, LLC		615-771-7718
Name		Phone No.
Suite 104, 1909 Mallory Lane		Williamson
Street or Route		County
Franklin	TN	37067
City	State	Zip Code

B. Type of Ownership of Control (Check One)

A. Sole Proprietorship	_____	F. Government (State of TN)	_____
B. Partnership	_____	or Political Subdivision)	_____
C. Limited Partnership	_____	G. Joint Venture	_____
D. Corporation (For Profit)	_____	H. Limited Liability Company	<u>X</u>
E. Corporation (Not-for-Profit)	_____	I. Other (Specify) _____	_____

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at <https://tnbear.tn.gov/ECommerce/FilingSearch.aspx>. **Attachment Section A-4A.**

Describe the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.

5. Name of Management/Operating Entity (If Applicable) N/A

Name		

Street or Route		County
_____		_____
City	State	Zip Code
_____	_____	_____
Website address: _____		

For new facilities or existing facilities without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract. **Attachment Section A-5.**

6. **Legal Interest in the Site of the Institution** (Check One)

- | | | | | | |
|----|---------------------|-------|----|-----------------|---------|
| A. | Ownership | _____ | D. | Option to Lease | X _____ |
| B. | Option to Purchase | _____ | E. | Other (Specify) | _____ |
| C. | Lease of ____ Years | _____ | | | |

Check appropriate line above: For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements **must include** anticipated purchase price. Lease/Option to Lease Agreements **must include** the actual/anticipated term of the agreement **and** actual/anticipated lease expense. The legal interests described herein **must be valid** on the date of the Agency's consideration of the certificate of need application.

6B. Attach a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site on an 8 1/2" x 11" sheet of white paper, single or double-sided. **DO NOT SUBMIT BLUEPRINTS**. Simple line drawings should be submitted and need not be drawn to scale.

1) Plot Plan **must** include:

a. Size of site (*in acres*);

RESPONSE: The site is .99 acres in size.

b. Location of structure on the site;

RESPONSE: The building for the project is at the northern end of the site, in Davidson County.

c. Location of the proposed construction/renovation; and

RESPONSE: The proposed ASTC will be located on the western side of the second floor of the building.

d. Names of streets, roads or highway that cross or border the site.

RESPONSE: The site is bordered by Church Street East.

2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 1/2 by 11 sheet of paper or as many as necessary to illustrate the floor plan.

RESPONSE: A floor plan drawing is attached, showing in yellow shading the location of the ASTC on the western side of the second floor of the building

3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

RESPONSE: There is no public transportation to the site. The Old Hickory Boulevard exit for I-65 is less than a quarter-mile from the site.

Attachment Section A-6A, 6B-1 a-d, 6B-2, 6B-3.

7. Type of Institution (Check as appropriate – more than one response may apply)

- | | | | |
|--|----------|---|-------|
| A. Hospital (Specify) _____ | _____ | H. Nursing Home | _____ |
| B. Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty | _____ | I. Outpatient Diagnostic Center | _____ |
| C. ASTC, Single Specialty | <u>X</u> | J. Rehabilitation Facility | _____ |
| D. Home Health Agency | _____ | K. Residential Hospice | _____ |
| E. Hospice | _____ | L. Non-Residential Substitution-Based Treatment Center for Opiate Addiction | _____ |
| F. Mental Health Hospital | _____ | M. Other (Specify) _____ | _____ |
| G. Intellectual Disability Institutional Habilitation Facility ICF/IID | _____ | | |

Check appropriate line(s).

8. Purpose of Review (Check) as appropriate line(s) — more than one response may apply)

- | | | | |
|---|----------|--|-------|
| A. New Institution | <u>X</u> | F. Change in Bed Complement | _____ |
| B. Modifying an ASTC with limitation still required per CON | _____ | <i>[Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation]</i> | |
| C. Addition of MRI Unit | _____ | G. Satellite Emergency Dept. | _____ |
| D. Pediatric MRI | _____ | H. Change of Location | _____ |
| E. Initiation of Health Care Service as defined in T.C.A. § 68-11-1607(4) (Specify) _____ | _____ | I. Other (Specify) _____ | _____ |

9. Medicaid/TennCare, Medicare Participation

MCO Contracts [Check all that apply]

___ AmeriGroup ___ United Healthcare Community Plan ___ BlueCare ___ TennCare Select

Medicare Provider Number _____

Medicaid Provider Number _____

Certification Type _____

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Medicare X Yes ___ No ___ N/A Medicaid/TennCare ___ Yes ___ No ___ N/A

10. Bed Complement Data N/A**A. Please indicate current and proposed distribution and certification of facility beds.**

		<u>Current Licensed</u>	<u>Beds Staffed</u>	<u>Beds Proposed</u>	<u>*Beds Approved</u>	<u>**Beds Exempted</u>	<u>TOTAL Beds at Completion</u>
1)	Medical						
2)	Surgical						
3)	ICU/CCU						
4)	Obstetrical						
5)	NICU						
6)	Pediatric						
7)	Adult Psychiatric						
8)	Geriatric Psychiatric						
9)	Child/Adolescent Psychiatric						
10)	Rehabilitation						
11)	Adult Chemical Dependency						
12)	Child/Adolescent Chemical Dependency						
13)	Long-Term Care Hospital						
14)	Swing Beds						
15)	Nursing Home – SNF (Medicare only)						
16)	Nursing Home – NF (Medicaid only)						
17)	Nursing Home – SNF/NF (dually certified Medicare/Medicaid)						
18)	Nursing Home - Licensed (non-certified)						
19)	ICF/IID						
20)	Residential Hospice						
	TOTAL						
	*Beds approved by not yet in service						
	**Beds exempted under 10% per 3 year provision						

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. Attachment Section A-10.**C. Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.**

CON Number(s)	CON Expiration Date	Total Licensed Beds Approved

11. **Home Health Care Organizations** – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply: N/A

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lauderdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bedford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lawrence	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Benton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lewis	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bledsoe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Lincoln	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Blount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Loudon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bradley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McMinn	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Campbell	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	McNairy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cannon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Macon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carroll	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Madison	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Carter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cheatham	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Marshall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chester	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Maury	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Claiborne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Meigs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Clay	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Monroe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cocke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Montgomery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Coffee	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Moore	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crockett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Morgan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cumberland	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Obion	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Davidson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Decatur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Perry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
DeKalb	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Pickett	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dickson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Polk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dyer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Putnam	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fayette	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rhea	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fentress	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Roane	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Franklin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Robertson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gibson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Rutherford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Giles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Scott	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grainger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sequatchie	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Greene	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sevier	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Grundy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Shelby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamblen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Smith	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hamilton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Stewart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hancock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardeman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Sumner	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hardin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Tipton	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hawkins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Trousdale	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Haywood	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Unicoi	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Union	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Henry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Van Buren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hickman	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Warren	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Houston	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Washington	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Humphreys	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wayne	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jackson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Weakley	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jefferson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	White	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Williamson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Knox	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Wilson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Lake	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

12. **Square Footage and Cost Per Square Footage Chart*****

HF-0004 Revised 12/2016 - All forms prior to this time are obsolete.

RDA 1651

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage						
					Renovated	New	Total				
ASTC	N/A	N/A	N/A	620 Church Street East	4,482		4,482				
Unit/Department GSF Sub-					4,482		4,482				
Other GSF Total											
Total GSF					4,482		4,482				
*Total Cost					1,746,411		1,746,411				
**Cost Per Square Foot					\$389.65		\$389.65				
<p>Cost per Square Foot Is Within Which Range (For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda).</p>					<input type="checkbox"/> Below 1st Quartile	<input type="checkbox"/> Below 1st Quartile	<input type="checkbox"/> Below 1st Quartile				
					<input type="checkbox"/> Between 1st and 2nd Quartile	<input type="checkbox"/> Between 1st and 2nd Quartile	<input type="checkbox"/> Between 1st and 2nd Quartile				
					<input type="checkbox"/> Between 2nd and 3rd Quartile	<input type="checkbox"/> Between 2nd and 3rd Quartile	<input type="checkbox"/> Between 2nd and 3rd Quartile				
					<input type="checkbox"/> Above 3rd Quartile	<input type="checkbox"/> Above 3rd Quartile	<input type="checkbox"/> Above 3rd Quartile				

* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

** Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

***Note: Applicant intends to lease the newly-renovated space for this ASTC. These data are provided to verify the value of the lease analysis required by HSDA rule.

13. MRI, PET, and/or Linear Accelerator N/A

- Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or
- Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

A. Complete the chart below for acquired equipment.

<input type="checkbox"/> Linear Accelerator	Mev _____	Types: <input type="checkbox"/> SRS <input type="checkbox"/> IMRT <input type="checkbox"/> IGRT <input type="checkbox"/> Other _____
	Total Cost*: _____	<input type="checkbox"/> By Purchase
	<input type="checkbox"/> New <input type="checkbox"/> Refurbished	<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
		<input type="checkbox"/> If not new, how old? (yrs) _____
<input type="checkbox"/> MRI	Tesla: _____ Magnet: <input type="checkbox"/> Breast <input type="checkbox"/> Extremity	<input type="checkbox"/> Open <input type="checkbox"/> Short Bore <input type="checkbox"/> Other _____
	Total Cost*: _____	<input type="checkbox"/> By Purchase
	<input type="checkbox"/> New <input type="checkbox"/> Refurbished	<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
		<input type="checkbox"/> If not new, how old? (yrs) _____
<input type="checkbox"/> PET	<input type="checkbox"/> PET only <input type="checkbox"/> PET/CT <input type="checkbox"/> PET/MRI	<input type="checkbox"/> By Purchase
	Total Cost*: _____	<input type="checkbox"/> By Lease Expected Useful Life (yrs) _____
	<input type="checkbox"/> New <input type="checkbox"/> Refurbished	<input type="checkbox"/> If not new, how old? (yrs) _____

* As defined by Agency Rule 0720-9-.01(13)

- In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.
- Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.
- Schedule of Operations:

Location	Days of Operation (Sunday through Saturday)	Hours of Operation (example: 8 am – 3 pm)
Fixed Site (Applicant)		
Mobile Locations (Applicant)		
(Name of Other Location)		
(Name of Other Location)		

- Identify the clinical applications to be provided that apply to the project.
- If the equipment has been approved by the FDA within the last five years provide documentation of the same.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. ***If a question does not apply to your project, indicate "Not Applicable (NA)."***

QUESTIONS

SECTION B: NEED

- A. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at <http://www.tn.gov/hsda/article/hsda-criteria-and-standards>.

RESPONSE:

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

RESPONSE: Because this is a Specialty ASTC for an applicant that desires to limit its cases to plastic surgery cases and procedures, the applicant addresses the need and economic efficiencies provisions of the State Health Plan that concern "an application for a Specialty ASTC" on page 57 of the 2012 State Health Plan.

As noted elsewhere in this application, the last complete fiscal year, Dr. Moore and Dr. Papillon, the current owners of The Plastic Surgery Clinic, PLLC and the owners of Plastic Surgery Center Brentwood, LLC, performed approximately 820 outpatient surgeries and procedures in 2016. The physicians project that they will perform a similar number of outpatient surgery cases in the ASTC once it opens. Furthermore, they also project that Dr. Moran, who joined their practice in the fall of 2017, will reach a volume similar to theirs after some additional time living in Middle Tennessee and practicing at their practice. Ultimately, the applicant projects that virtually all of their plastic surgery cases and procedures will be performed in the applicant's ASTC. Therefore, while it may take some time for Dr.

Moran to reach a volume similar to theirs, once she does so, the applicant projects that there will be approximately 780 surgery and procedure cases performed in Year 1 of the project and approximately 915 surgery and procedures performed in Year 2 of the project in the Plastic Surgery Center of Brentwood.

Not all of these surgeries and procedures would otherwise be performed in area surgery centers. As shown in this application, The Plastic Surgery Clinic, PLLC employs a number of nurses who assist in the performance of many procedures and some surgeries that will ultimately be performed in the applicant's ASTC.

Plastic surgery procedures can take a long time to perform with regard to certain facial procedures with rhinoplasties and abdominalplasty plastic surgery cases.

As noted elsewhere in this application, in the service area proposed by this applicant consisting of 13 zip codes in Davidson and Williamson Counties, there are only two ASTCs in which plastic surgery cases and procedures are performed, as reported by their 2016 Joint Annual Reports: in Williamson County, the Cool Springs Surgery Center in Franklin, Tennessee 37067 reports approximately 5% of its 5,698 surgery cases in 2016 (286 cases) were plastic surgery cases. For 2016, the Cool Springs Surgery Center reports that its OR capacity utilization in 2016 was over 90%. Thus, this level of utilization at Cool Springs Surgery Center is well above the 70% utilization levels spoken of in the State Health Plan's provision regarding Specialty ASTC standards.

The other surgery center in the proposed service area which reports plastic surgery utilization in 2016 is St. Thomas Surgicare, at 4230 Harding Road, Nashville, Tennessee 37205. It reports 291 plastic surgery cases out of a total of 5,973 total surgery cases performed there. Thus, as a percentage, St. Thomas Surgicare's 2016 surgical cases were only 4.9% of all surgical cases performed there. In its 2016 JAR, St. Thomas Surgicare reports that its OR capacity utilization was 78.8%, which also exceeds the 70% utilization standard set forth by the State Health Plan's provisions regarding single specialty surgery center need standards.

Also, since this proposed ASTC will be limited not only to plastic surgery cases and procedures, but also to physicians who are owners or employees of The Plastic Surgery Clinic, PLLC (which, at this point in time, include Dr. Moore, Dr. Papillon and Dr. Moran), there will be little impact on other surgery centers in terms of losing physicians on staff to the medical staff of this proposed Specialty ASTC.

Other Standards and Criteria

6. Access to ASTCs. The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

RESPONSE: The majority of the population in the proposed Service Area resides within 60 minutes average driving time to the proposed ASTC.

7. Access to ASTCs. An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available.

RESPONSE: While the applicant's proposed site is not on public transportation routes, the site is also within a quarter mile of the interstate exchange for Old Hickory Boulevard on I-65.

8. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall

document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

RESPONSE: Currently many patients of The Plastic Surgery Clinic, PLLC receive surgical services at the PLLC office at 1909 Mallory Lane in Franklin.

Existing ASTCs do not report their utilization by zip code, nor do they break down the origin of their patients by specialty as well as county. Therefore, the applicant does not have the ability to project the origin on potential patients by zip code. However, given that Dr. Moore is the first plastic surgeon to establish his office in Williamson County in the 1990s, The Plastic Surgery Clinic, PLLC has a long history of serving plastic surgery patients from Williamson County as well as from Davidson County.

The only ASTCs in the proposed service area that report plastic surgery utilization in 2016 were St. Thomas Surgicare and Cool Springs Surgery Center. Both reported only about 5% of their surgical volume was plastic surgery cases - less than 300 such cases for each ASTC. Also, St. Thomas Surgicare reported that its OR capacity utilization was over 75%, while Cool Springs Surgery Center reported that its OR capacity utilization was over 90% in 2016.

9. Access and Economic Efficiencies. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

RESPONSE: The applicant projects that the utilization by quarter for each of the first eight quarters is set forth below:

	Year 1	Year 2
Quarter 1	150	
Quarter 2	195	
Quarter 3	195	
Quarter 4	240	
Quarter 5		250
Quarter 6		208
Quarter 7		207
Quarter 8		250
Total	780	915

10. Patient Safety and Quality of Care; Health Care Workforce.

- a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

RESPONSE: In addition to becoming licensed as an ASTC by the Tennessee Board for Licensing Health Care Facilities, the applicant plans to seek accreditation by one of the accrediting organizations approved by the centers for Medicare and Medicaid services. The applicant intends to become a Medicare provider once licensed.

- b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

November 29, 2017

9:06 am

RESPONSE: This ASTC will be utilized only by ³⁶ plastic surgeons who are owners or employees of The Plastic Surgery Clinic, PLLC. As shown by the information provided with this application for the three owners Dr. Moore, Dr. Papillon and Dr. Moran, currently the three plastic surgeons who practice at this ASTC, they are all board certified in plastic surgery and have a distinguished educational and practice background. As noted elsewhere in the application, the PLLC employs five clinic nurses, one surgery tech, and five nurse injectors. In light of this extensive employment of nurses and other healthcare personnel, the applicant is confident that it will be able to employ sufficient nursing and other healthcare personnel to staff this ASTC.

11. Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

- d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times. The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

RESPONSE: Given this State Health Plan provision which focuses on Rule 0720-11.01, the applicant does claim special consideration because it is proposing to establish this ASTC which will serve patients that typically require longer surgical time than a number of other types of specialty cases. Several types of plastic surgery cases can require three to four hours of surgical preparation and surgical time.

- B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

RESPONSE: This project is a part of the long-range development plan for The Plastic Surgery Clinic, PLLC, d/b/a Cool Springs Plastic Surgery. This project is being developed to house not only the proposed ASTC but the main offices of The Plastic Surgery Clinic, PLLC. The PLLC has outgrown its offices on Mallory Lane in Franklin, and the newly-acquired building will provide it with necessary additional space to house its medical offices and medical procedures. As indicated earlier, the proposed ASTC space within the building at 620 Church Street East in the Brentwood zip code will take up approximately 4,482 square feet of the building's total square footage of 15,364 square feet. This amounts to 28.7% of the square footage of the building at this location being not dedicated to the proposed ASTC.

The Plastic Surgery Clinic, PLLC will consolidate its primary medical offices in the 72.3% of the building at issue. The Plastic Surgery Clinic, PLLC has small additional offices in Mt. Juliet and on Music Row in Nashville. However, the surgical procedures and most of the medical procedures provided by the offices of the Surgery Clinic, PLLC will be housed in the building at 620 Church Street East, in the Brentwood zip code. This CON application is the first CON application filed by the applicant for affiliates of The Plastic Surgery Clinic, PLLC.

- C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. **Attachment Section B - Need-C.**

RESPONSE: The proposed service area for this project consists of 13 zip codes which lie almost entirely within Davidson and Williamson Counties. These zip codes are 37027, 37067, 37204, 37064, 37069, 37179, 37205, 37212, 37215, 37221, 37062 and 37220.

Patients from these zip codes comprise the majority of the surgical patients of the physicians involved in this project, the physicians of The Plastic Surgery Clinic, PLLC over the last year and a half. The

applicant projects that the same will be true for the proposed ASTC: the majority of the patients that are served at the ASTC, which is limited to the patients of the physicians who are owners of or are employed by The Plastic Surgery Clinic, PLLC will use the proposed ASTC. Therefore, this utilization level as shown above satisfies the HSDA's criteria for a service area: it is a reasonable service area, given that most of the patients served by the physicians' practicing at the ASTC will come from it, the proposed ASTC is located in the proposed service area, and the service area is reasonable.

Please complete the following tables, if applicable: N/A

Service Area Counties	Historical Utilization-County Residents	% of total procedures
County #1		
County #2		
Etc.		
Total		100%

Service Area Counties	Projected Utilization-County Residents	% of total procedures
County #1		
County #2		
Etc.		
Total		100%

RESPONSE: The applicant has defined its service area by zip codes, not by county.

A map of Tennessee showing its 95 counties. The counties are labeled with their names. Davidson County and Williamson County are shaded with horizontal lines. The map shows the state's irregular border and the internal county boundaries.

- D. 1). a) Describe the demographics of the population to be served by the proposal.

RESPONSE: The demographics of the service area for this project are those of the southern and southwestern portions of Davidson County and most of Williamson County except for the zip codes of 37135, 37014, and 38476.

- b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: <http://www.tn.gov/health/article/statistics-population>

TennCare Enrollment Data: <http://www.tn.gov/tenncare/topic/enrollment-data>

Census Bureau Fact Finder: <http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population - Current Year	Total Population - Projected Year	Total Population-% Change	*Target Population-Current Year	*Target Population-Project Year	*Target Population-% Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total Population
County A Williamson								38.9	\$96,565	10,172	5.1%	12,460	5.7%
County B, etc. Davidson								34.2	48,638	116,031	18.2%	141,404	20.7%
Service Area Total **										126,203	14%	153,864	17%
State of TN Total								38.4	45,129	1,117,594	17.6%	1,446,810	21.8%

* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

**This is a county level analysis, not an analysis of the applicant's service area defined by zip codes.

- 2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: This project particularly serves the female population.

- E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

RESPONSE: Taking the issues of the existing services of similar healthcare providers in the proposed service area, the applicant reports as follows for the existing services: In the Davidson County zip codes included in the proposed service area, there is only one ASTC in which plastic surgery cases are reported being performed. That ASTC is St. Thomas Surgicare, located at 4230 Harding Road, Nashville, Tennessee 37205. In its 2016 JAR, it reports that only 291 plastic surgery cases out of 5,973 total surgical cases were performed there. As a percentage, plastic surgery amounts to about 4.9% of the surgical cases performed at the St. Thomas Surgicare. More importantly, in the 2016 JAR, St. Thomas Surgicare reports that its OR capacity was 78.8%, which exceeds the 70% occupancy standard required for single-specialty ASTC applicants to utilize as a test of capacity.

In the Williamson County zip codes in the proposed service area, there is only one surgery center which reports plastic surgery utilization in its 2016 JARs. That ASTC is Cool Springs Surgery Center at 2009 Mallory Lane, Franklin, Tennessee 37067. Its 2016 JAR reports that there were 286 plastic surgery cases performed there in 2016, out of a total of 5,698 surgery cases. This amounts to 5% of the surgical cases at Cool Springs Surgery Center being plastic surgery cases. The Cool Springs Plastic Surgery Center reports in its 2016 JAR that its OR capacity utilization in 2016 was over 90%. Thus, it also exceeds, on a percentage basis, the 70% capacity utilization level as specified by the State Health Plan to be considered in evaluating a CON application for a single specialty surgery center.

There are no other surgery centers in any of the zip codes in the proposed service area in which plastic surgery cases are reported in ASTC JARs being performed in 2016. There is an approved but not yet implemented CON application for a surgery center near this service area. This one is the Southern Hills Ambulatory Surgery Center, CN1411-047, which was approved in early 2015 to be established at the northeast corner of the intersection of Old Hickory Boulevard at American General Way, Brentwood, Tennessee 37250.

While in the staff summary for the relocation application of Southern Hills Surgery Center, CN1411-047, indicated at page 11 that 150 plastic surgery cases out of 3,170 were projected, the actual application itself indicates there would be 150 cases in year one that were "Other". The response by the applicant in supplemental number 1 replacing page 35R which is located on page 58 indicates that the 150 cases would be "other". The staff summary for this project also notes that over 89% of the surgical utilization at this relocated ASTC would consist of general surgery, ophthalmology, spine, ENT and pain management cases. Furthermore, 77% of the projected cases at this relocated ASTC would come from Davidson and Rutherford Counties, with Williamson County providing only 8% of its proposed cases.

Thus, given the limitation of the Surgery Center of Brentwood's patients to those of The Plastic Surgery Clinic, PLLC, the applicant asserts there will be little impact on the relocated Southern Hills Surgery Center from the approval of this application by the HSDA.

- F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

RESPONSE: This is an application to establish a new, single-specialty ASTC. It has no utilization statistics as an institution. However, the physician owners of The Plastic Surgery Clinic, PLLC, Dr. Moore and Dr. Papillon, performed approximately 866 outpatient surgeries in 2016, along with 801 outpatient procedure cases. Given that they expect that Dr. Moran will reach a similar annual surgical and procedure per physician utilization for their practice, her addition to the practice is expected to enable the practice to perform approximately 1,200 outpatient surgeries and procedures per year. The applicant projects that virtually all of these cases and procedures will ultimately be performed at The Plastic Surgery Center of Brentwood.

SECTION B: ECONOMIC FEASIBILITY

A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

- 1) All projects should have a project cost of at least \$15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)

RESPONSE: The project costs for this application include the required filing fee.

- 2) The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

RESPONSE: The cost of this lease is expected to exceed the value of the sum of the payments of the initial lease. Therefore, the applicant has carried out its analysis of the costs of the lease utilizing land and building acquisition costs, construction costs and development. It has previously shared its analysis with the allocation of these costs for the entire building housing this project with the staff of the HSDA. This analysis is set forth in the table below. One change that has occurred in this analysis since the discussion with HSDA staff members on behalf of the applicant is that the 28.7% ratio of costs applied to the ASC, based on the ASC's percentage share of the square footage of the building, has also been applied to the "soft costs" figure in the table. The reason for this change is the initial analysis set forth in this "total building cost summary" assumed, based on prior plans of the applicant, that The Plastic Surgery, PLLC practice would not take the entire square footage of the building. However, the physician members of the PLLC have decided to lease the rest of the entire building that is not taken up by the proposed ASTC. Therefore, the change in the soft costs are reflected in the table of the total building cost summary previously shared with the HSDA staff as set forth below.

	Amount	% Applied to ASC	ASC Costs
Land/Building Acquisition	\$2,798,486.00	28.7%	\$803,165
Building Codes and Zoning	41,761.77	28.7%	11,986
Site Development	125,072.00	28.7%	35,896
Building Construction Cost			
Building Shell Conversion Cost	1,828,239.95	28.7%	524,705
Tenant Finish Out Surgery Center	1,318,575.60	100%	1,318,571
Tenant Finish Out Clinical	661,368.68	0	0
Tenant Finish and Non-Surgical	590,268.77	0	0
Soft Cost	1,412,636.61	28.7%	405,426
TOTAL	\$8,776,409.39		\$3,099,749

- 3) The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

RESPONSE: The costs for the movable equipment utilized in the surgery center is projected to be a total of \$750,000 approximately. It is not anticipated that these will be covered by maintenance agreements; the cost of installation is included in the tenant finish out for the surgery center set forth in the total building cost summary.

- 4) Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

RESPONSE: The square footage chart on page 10 has been executed. The documentation is provided in the projections from the architect, Steve Akers.

- 5) For projects that include new construction, modification, and/or renovation—**documentation must be** provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:
- a) A general description of the project;
 - b) An estimate of the cost to construct the project;
 - c) A description of the status of the site's suitability for the proposed project; and
 - d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

RESPONSE: To be provided.

PROJECT COST CHART

A. Construction and equipment acquired by purchase:		
1.	Architectural and Engineering Fees	_____
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	<u>50,000</u>
3.	Acquisition of Site	_____
4.	Preparation of Site	_____
5.	Construction Costs	_____
6.	Contingency Fund	_____
7.	Fixed Equipment (Not included in Construction Contract)	_____
8.	Moveable Equipment (List all equipment over \$50,000)	<u>750,000</u>
9.	Other (Specify) <u>nonsurgical ASTC equipment and furnishings</u>	<u>250,000</u>
B. Acquisition by gift, donation, or lease:		
1.	Facility (inclusive or building and land)	<u>3,099,750*</u>
2.	Building only	_____
3.	Land only	_____
4.	Equipment (Specify)	_____
5.	Other (Specify) _____	_____
C. Financing Costs and Fees:		
1.	Interim Financing	<u>99,094</u>
2.	Underwriting Costs	_____
3.	Reserve for One Year's Debt Service	_____
4.	Other (Specify) <u>interest on loan for moveable equipment</u>	<u>249,924</u>
D.	Estimated Project Cost	<u>4,498,768</u>
	(A+B+C)	
E.	CON Filing Fee	<u>25,868</u>
F.	Total Estimated Project Cost	_____
	(D+E)	
TOTAL		<u>4,524,636</u>

*See attached Building Cost Summary

Building Cost Summary

	Amount	% Applied to ASC	ASC Costs
Land/Building Acquisition	\$2,798,486.00	28.7%	\$803,165
Building Codes and Zoning	41,761.77	28.7%	11,986
Site Development	125,072.00	28.7%	35,896
Building Construction Cost			
Building Shell Conversion Cost	1,828,239.95	28.7%	524,705
Tenant Finish Out Surgery Center	1,318,575.60	100%	1,318,571
Tenant Finish Out Clinical	661,368.68	0	0
Tenant Finish and Non-Surgical	590,268.77	0	0
Soft Cost	1,412,636.61	28.7%	405,426
TOTAL	\$8,776,409.39		\$3,099,749

B. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. **(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-B.)**

- ☒ 1) Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ 2) Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ 3) General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;
- ☐ 4) Grants – Notification of intent form for grant application or notice of grant award;
- ☐ 5) Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or
- ☐ 6) Other – Identify and document funding from all other sources.

RESPONSE: The applicant expects the renovation construction costs for this project to be financed by a commercial bank loan.

C. Complete Historical Data Charts on the following two pages—**Do not modify the Charts provided or submit Chart substitutions!**

Historical Data Chart represents revenue and expense information for the last *three* (3) years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

RESPONSE: N/A

HISTORICAL DATA CHART

☐ Total Facility
☐ Project Only

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in _____ (Month).

	Year _____	Year _____	Year _____
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)			
B. Revenue from Services to Patients			
1. Inpatient Services	\$	\$	\$
2. Outpatient Services			
3. Emergency Services			
4. Other Operating Revenue (Specify) _____			
Gross Operating Revenue	\$	\$	\$
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$	\$	\$
2. Provision for Charity Care			
3. Provisions for Bad Debt			
Total Deductions	\$	\$	\$
NET OPERATING REVENUE	\$	\$	\$
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care			
b. Non-Patient Care			
2. Physician's Salaries and Wages			
3. Supplies			
4. Rent			
a. Paid to Affiliates			
b. Paid to Non-Affiliates			
5. Management Fees:			
a. Paid to Affiliates			
b. Paid to Non-Affiliates			
6. Other Operating Expenses			
Total Operating Expenses	\$	\$	\$
E. Earnings Before Interest, Taxes and Depreciation	\$	\$	\$
F. Non-Operating Expenses			
1. Taxes	\$	\$	\$
2. Depreciation			
3. Interest			
4. Other Non-Operating Expenses			
Total Non-Operating Expenses	\$	\$	\$
NET INCOME (LOSS)	\$	\$	\$
Chart Continues Onto Next Page			

	Year _____	Year _____	Year _____
NET INCOME (LOSS)	\$	\$	\$
G. Other Deductions			
1. Annual Principal Debt Repayment	\$	\$	\$
2. Annual Capital Expenditure			
Total Other Deductions	\$	\$	\$
NET BALANCE	\$	\$	\$
DEPRECIATION	\$	\$	\$
FREE CASH FLOW (Net Balance + Depreciation)	\$	\$	\$

☐ Total Facility
☐ Project Only

HISTORICAL DATA CHART-OTHER EXPENSES

	Year _____	Year _____	Year _____
<u>OTHER EXPENSES CATEGORIES</u>			
1. Professional Services Contract	\$	\$	\$
2. Contract Labor			
3. Imaging Interpretation Fees			
4. _____			
5. _____			
6. _____			
7. _____			
Total Other Expenses	\$	\$	\$

- D. Complete Projected Data Charts on the following two pages – **Do not modify the Charts provided or submit Chart substitutions!**

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in January (Month).

	Year 1	Year 2
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits)	780 cases/ procs	915 cases/ procs
B. Revenue from Services to Patients		
1. Inpatient Services	\$0	\$0
2. Outpatient Services	1,375,000	1,625,000
3. Emergency Services	0	0
4. Other Operating Revenue (Specify) <u>surgery supplies</u>	0	0
Gross Operating Revenue	\$1,375,000	\$1,625,000
C. Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$	\$
2. Provision for Charity Care	\$10,000	\$15,000
3. Provisions for Bad Debt		
Total Deductions	\$10,000	\$15,000
NET OPERATING REVENUE	\$1,365,000	\$1,610,000
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	200,000	275,000
b. Non-Patient Care	42,400	46,000
2. Physician's Salaries and Wages	0	0
3. Supplies	531,250	637,500
4. Rent		
a. Paid to Affiliates	195,000	195,000
b. Paid to Non-Affiliates	0	0
5. Management Fees:		
a. Paid to Affiliates		
b. Paid to Non-Affiliates		
6. Other Operating Expenses	97,000	99,500
Total Operating Expenses	\$1,065,650	\$1,253,500
E. Earnings Before Interest, Taxes and Depreciation	\$299,350	\$356,500
F. Non-Operating Expenses		
1. Taxes	\$	\$
2. Depreciation		
3. Interest	108,835	102,835
4. Other Non-Operating Expenses		
Total Non-Operating Expenses	\$108,835	\$102,835
NET INCOME (LOSS)	\$190,515	\$253,665
<i>Chart Continues Onto Next Page</i>		

	Year 1	Year 2
NET INCOME (LOSS)	\$190,515	\$253,665
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	\$133,083	\$139,886
2. Annual Capital Expenditure		
Total Other Deductions	\$133,083	\$139,886
NET BALANCE	\$57,432	\$113,779
DEPRECIATION	\$	\$
FREE CASH FLOW (Net Balance + Depreciation)	\$	\$

☒ Total Facility
☐ Project Only

PROJECTED DATA CHART-OTHER EXPENSES

	Year 1	Year 1
OTHER EXPENSES CATEGORIES		
1. Dues and Subs	5,000	5,000
2. Insurance	25,000	25,000
3. License & Permits	5,000	5,000
4. Miscellaneous	-	-
5. Office Expense	6,000	6,000
6. Professional Fees	6,000	6,000
7. Repairs & Maint.	10,000	10,000
8. Support Services/Technology	7,500	10,000
9. Telephone	2,500	2,500
10. Utilities	30,000	30,000
Total Other Expenses	\$97,000	\$99,500

- E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)					
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)					
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)					

RESPONSE:

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge (<i>Gross Operating Revenue/Utilization Data</i>)			1,763	1,776	N/A*
Deduction from Revenue (<i>Total Deductions/Utilization Data</i>)			13	16	N/A*
Average Net Charge (<i>Net Operating Revenue/Utilization Data</i>)			1,750	1,750	N/A*

*The applicant LLC has no current year operations.

Plastic surgery cases and procedures are generally covered by private payments, not by Medicare, Medicaid or insurance. Therefore, there will not generally be deductions from revenue as set forth on the Projected Data Chart for plastic surgery center cases. In other words, the gross charge becomes the average net charge as shown by the chart above.

- 2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

RESPONSE: Since this ASTC will be a newly-established ASTC there is no impact on existing patient charges from it. The proposed average charge is as set forth above for Year 1 and Year 2.

- 3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: There is one ASTC that is expressly designated for plastic surgery in Davidson County: the Delozier Surgery Center, located at 209 23rd Avenue, North, Nashville, Tennessee 37203. It is a one operating room specialty surgery center for the practice of Dr. Joseph Delozier. The 2016 JAR for the Delozier Surgery Center indicates that the average charge per case for the Delozier Surgery Center was \$1,958, while there was an average \$740 deduction from revenue per case. This yields an average net revenue per case to the Delozier Surgery Center of \$1,218 per case.

The Delozier Surgery Center's revenue base is approximately 41.6% insurance and 52% Medicare, with the remainder of outpatients being placed in the self-pay category. Also, the Delozier Surgery Center as set forth above is based on the 2016 JAR, while the applicant's ASTC will not commence operations until the fall of 2018.

- F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-F1**. **NOTE: Publicly held entities only need to reference their SEC filings.**

RESPONSE: As shown by the applicant's Projected Data Chart, given the recent addition of Dr. Moran to the plastic surgery practice of The Plastic Surgery Clinic, PLLC, the applicant projects that this project will pass the financial break-even point shortly after the first year of operations, if not sooner. Given the fact that the applicant is a newly-established limited liability company, the applicant is providing the balance sheet and income statement for The Plastic Surgery Clinic, PLLC in support of this application. The Plastic Surgery Clinic, PLLC will be a source of funding for this project.

- 2) Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio					

RESPONSE:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	N/A	N/A	N/A	21.9%	22%

- 3) Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt+Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's

audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

RESPONSE: The capitalization ratio for The Plastic Surgery Clinic, PLLC, calculated as called for by this form, is 93.1% when the loan to renovate the physician office at this site is included. As of the date of this CON application filing, it has no long-term debt.

- G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

Applicant's Projected Payor Mix, Year 1

Payor Source	Projected Gross Operating	As a % of total
Medicare/Medicare Managed Care	0	0
TennCare/Medicaid	0	0
Commercial/Other Managed Care	0	0
Self-Pay	1,375,000	100%
Charity Care	10,000	<1%
Other (Specify) _____	0	0
Total	1,365,000	100%

- H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

Position Classification	Existing FTEs (enter year)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
a) Direct Patient Care Positions				
Position 1				
Position 2				
Position "etc."				
Total Direct Patient Care Positions				

b) Non-Patient Care Positions				
Position				
Position				

<i>Position "etc."</i>				
Total Non-Patient Care Positions				
Total Employees (A+B)				
c) Contractual Staff				
Total Staff (a+b+c)				

RESPONSE:

Position Classification	Existing FTEs (enter year)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
a) Direct Patient Care Positions				
<i>Position 1 RN</i>		4	\$30/hr	\$28.50
<i>Position 2 Surgical tech</i>		2	\$17/hr	\$20.25
<i>Position "etc."</i>				
Total Direct Patient Care Positions				

b) Non-Patient Care Positions				
<i>Administrator Position 1</i>		.4 FTE	\$70,000/yr/FTE	
<i>Receptionist Position 2</i>		.4 FTE	\$36,000/yr/FTE	
<i>Position "etc."</i>				
Total Non-Patient Care Positions				
Total Employees (A+B)				
c) Contractual Staff				
Total Staff (a+b+c)		6.8		

I. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

- 1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

RESPONSE: This project is part of the renovation of an existing structure to modernize it to house this ASTC and a large plastic surgery physician practice. The applicant has considered simply incorporating the operating room spaces and related spaces in the proposed ASTC as part of its medical practice in which it could pursue Level 3 of physician office surgery certification from the Board of Medical Examiners. However, given the additional flexibility and potential future of Medicare utilization for this ASTC as a licensed ASTC, the applicant and its affiliated physicians in The Plastic Surgery Clinic, PLLC decided to pursue a certificate of need to establish this ASTC. This ASTC will be

a true extension of the physician practice, limited to the specialty of plastic surgery, as well, to the plastic surgeons who are owners or employees of The Plastic Surgery Center, PLLC.

- 2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

RESPONSE: This project does not involve new construction, but rather, modernization and renovation of an existing structure at 620 Church Street East on property that lies partly in Williamson County and partly in Davidson County. The parking lot for this facility, for example, is already paved, and a new structure does not have to be built to house this surgery center and the practice. Therefore, the applicant believes that it has considered modernization and alternatives to new construction in designing this project. This project is the subject of a Development Management Services Agreement for this renovation with Innovations Group, LLC. This agreement will terminate when applicant takes possession of its site.

SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

- A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

RESPONSE: The physician members of the applicant are medical staff members at Williamson Medical Center. They anticipate having transfer agreements with Williamson Medical Center for any emergency cases that could arise at this proposed ASTC.

- B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

1) Positive Effects

RESPONSE: Given the service area proposed for this project, there are no other single-specialty ASTCs for plastic surgery in the proposed service area. Furthermore, in 2013, the HSDA approved the grant of certificate of need number CN1303-009AE to Maxwell Aesthetics, PLC for the establishment of a single-specialty ASTC limited to the practice of plastic surgery and the medical practice of Dr. Patrick Maxwell. As noted earlier in the application, the staff has indicated to the representatives of the applicant that CON No. CN1303-009AE has expired or been surrendered. Therefore, the HSDA has found a need for a single-specialty ASTC dedicated to plastic surgery in the proposed service area. With this facility having never been built, there is clearly a continued need for the establishment of such a facility, given the continued growth of the population in this service area. Therefore, these are all positive effects of the establishment of this ASTC.

2) Negative Effects

RESPONSE: The applicant does not foresee any significant negative effects of this proposed ASTC. The only two ASTCs in the proposed service area which report performing plastic surgery cases on their 2016 JARs have relatively small amounts of plastic surgery volume and high utilization rates. As noted above, the Cool Springs Plastic Surgery Center has a utilization rate of over 90%, and the other one, St. Thomas Surgicare in Davidson County, has a low utilization rate of plastic surgery cases but an OR utilization rate of nearly 79%. Therefore, given the status of these surgery centers and the high volume of their cases, the establishment of this proposed ASTC will have little effect on these ASTC providers.

November 29, 2017
9:06 am

- C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

RESPONSE: Given that the PLLC affiliated with the applicant, The Plastic Surgery Clinic, PLLC, has significant medical staff already working for it, including five RNs and a surgical tech, the applicant is confident that it has the capability of recruiting and employing sufficient nursing and other staff for its ASTC. Dr. Moore established his plastic surgery practice in Williamson in the mid-1990s, and has an established reputation and history of providing quality plastic surgery services in the service area.

- 2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

RESPONSE: The applicant has reviewed and understands all licensing and/or certification as required by the state of Tennessee for its medical clinical staff. The physicians of The Plastic Surgery Clinic, PLLC have extensive experience in both plastic surgery cases and the practice of medicine. In fact, Dr. Moran, while a physician in California was appointed by Governor Schwarzenegger to be a member of the Medical Board of California for seven years. All three physicians involved in The Plastic Surgery Clinic, PLLC, whether as members or employees, are board certified in plastic surgery. Dr. Papillon is also board certified in general surgery and Dr. Moran is also board certified in otolaryngology-Head and Neck Surgery.

- 3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

RESPONSE: The applicant does not currently anticipate the training of students in the areas specified herein.

- D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: This project will be licensed as an ASTC by the Tennessee Board for Licensing Health Care Facilities

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): Medicare

Accreditation (i.e., Joint Commission, CARF, etc.):

- 1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

RESPONSE: N/A

- 2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

RESPONSE: N/A

- 3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

- a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

RESPONSE: The applicant has not yet built this ASTC, so it has not experienced any surveys yet.

E. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

- 1) Has any of the following:
 - a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);
 - b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or
 - c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.
- 2) Been subjected to any of the following:
 - a) Final Order or Judgment in a state licensure action;
 - b) Criminal fines in cases involving a Federal or State health care offense;
 - c) Civil monetary penalties in cases involving a Federal or State health care offense;
 - d) Administrative monetary penalties in cases involving a Federal or State health care offense;
 - e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or
 - f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.
 - g) Is presently subject off/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.
 - h) Is presently subject to a corporate integrity agreement.

RESPONSE: The answer to all the questions listed above is NO.

F. Outstanding Projects:

- 1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

Outstanding Projects					
CON Number	Project Name	Date Approved	*Annual Progress Report(s)		Expiration Date
			Due Date	Date Filed	

* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

RESPONSE: N/A

- 2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

RESPONSE: The applicant has no prior CONs or CON applications.

G. Equipment Registry – For the applicant and all entities in common ownership with the applicant.

- 1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? No
- 2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission?
- 3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission?

SECTION B: QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

RESPONSE: The applicant will respond to all information required of it by the HSDA, and will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at <http://www.tn.gov/health/topic/health-planning>). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

- A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

RESPONSE: This proposed ASTC project will assist in the improvement of the health of the people of Tennessee in that it will provide a state of the art ASTC with a closely-affiliated physician practice at a convenient location, near I-65 in the areas of southern Davidson County and middle and western Williamson

County. It will enable a well-established plastic surgery physician practice to expand its physical plan and leave its currently constrained office areas to develop its central office and this ASTC in a convenient location.

B. People in Tennessee should have access to health care and the conditions to achieve optimal health.

RESPONSE: This ASTC project will increase access to healthcare and the conditions to achieve optimal health in that it will provide an efficient, high access, modern ASTC which will materially assist the physicians affiliated with The Plastic Surgery Clinic, PLLC to serve their patients to assure optimal health for them.

C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

RESPONSE: This proposed ASTC will encourage economic efficiencies in the delivery of healthcare in that the surgery component of the structure in the ASTC will be closely affiliated and connected to the physician practice for these physicians. These are healthcare resources which will, if approved, develop to address the health of the people in the proposed service area.

D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

RESPONSE: Given the board certifications and extensive experiences of these plastic surgeons involved in The Plastic Surgery Clinic, PLLC, people in Tennessee and especially in this service area should have confidence that the quality of plastic surgery and healthcare for the patients of this practice is continually monitored and its standards of this specialty are adhered to by the physicians of The Plastic Surgery Clinic, PLLC, and the practice of the proposed ASTC.

E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

RESPONSE: This project reflects the capabilities of the plastic surgeons in The Plastic Surgery Clinic, PLLC to recruit a quality, highly-certified physician such as Dr. Moran to middle Tennessee to continue her practice. Given this history, the state should support the development of this ASTC by the approval of the certificate of need application by the HSDA.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.

If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

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Call today for early morning routes in the following areas:
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Contact: Joe Proctor
Email: retiredgioe@aol.com
Phone: 615-339-9935

*Must have reliable vehicle, proof of insurance and a valid driver's license.

NEWSPAPER CARRIER OPPORTUNITIES
RUTHERFORD/CANNON COUNTY

Call today for early morning routes in the following areas:
Smyrna/La Vergne
Contact: Jason LaFrance
Email: jlafrance@gmail.com
Phone: 360-979-0309

Murfreesboro - E Rutherford County/Lascassas/Walker Hill
Contact: John Moylan
Email: kimoylan@outlook.com
Phone: 615-869-9236

*Must have reliable vehicle, proof of insurance and a valid driver's license.

NEWSPAPER CARRIER OPPORTUNITIES
DAVIDSON COUNTY

Call today for early morning routes in the following areas:
Downtown/Green Hills/ West End
Contact: Tressie Lewis
Email: tressieb@msn.com
Phone: 615-473-5474

Success story: Vintage 911 for sale

free including all acc. & 2 24x36
pictures. Tree is currently up
and decorated. \$3,000
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Summer County

Summer County

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Vintage Biscuits/Jack/Alexander Dolls/Huge Lionel Train
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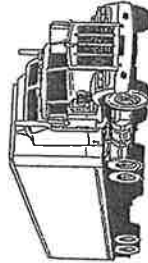
Please Paste this link for loads of pictures/info:
<https://www.estatesales.net/TN/Hendersonville/05/05/1603912>

ParkerEstateSales www.pecsd.com 615-344-3726

Transportation

Transportation

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holidays, dental, vision and health benefits, 401K, and so much more.

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NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Health Services and Development Agency and all
interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the
Health Services and Development Agency, that:

The Plastic Surgery Center of Brentwood, a proposed ambulatory surgical treatment
center, owned by: The Plastic Surgery Center of Brentwood, LLC, with an ownership type
of limited liability company, and to be managed by: itself. Intends to file an application
for a Certificate of Need for the establishment of a single-specialty ambulatory surgical
treatment center with two operating rooms and one procedure room. This ambulatory
surgical treatment center will be limited to plastic surgery cases and procedures
performed by medical physicians who are owners/employees of The Plastic Surgery
Center, PLLC, which does business as Cool Springs Plastic Surgery. The project's location
will be at 620 Church Street East, Brentwood, Tennessee 37027 in Davidson County. The
estimated project costs are approximately \$4,700,000. No inpatient beds are affected by
or involved in the project. No major medical equipment will be involved in this project.
The anticipated date of filing the application is: November 15, 2017

The contact person for this project is: Winn Elliott, Business Manager
who may be reached at: Cool Springs Plastic Surgery 1909 Mallory Lane, Suite 104
Franklin, Tennessee 37067 615/771-7718

Upon written request by interested parties, a local Fact-Finding public hearing
shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 8th Floor
502 Deadlock Street
Nashville, Tennessee 37243

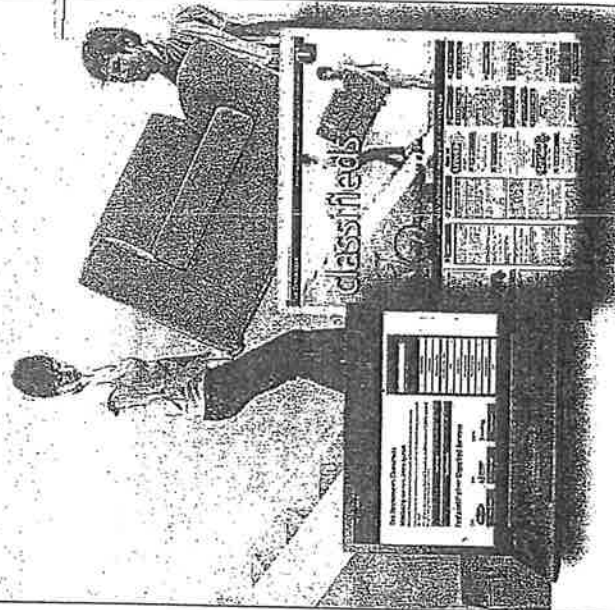
This published notice of intent must contain the following statement pursuant to T.C.A. § 68-11-1607(b)(1). (Any health care
facility or health care provider who is not a party to the application must file a written notice with the Health Services and Development
Agency no later than 15 days after the date of publication of this notice. The written notice must contain the following information:
1. The name of the health care facility or health care provider.
2. The address of the health care facility or health care provider.
3. The date of the written notice.
4. A statement indicating in opposition the application must be the written objection with
the Health Services and Development Agency at least 10 days prior to the consideration of the application by the Agency.

HF-90 (Revised 01/08/2013 - all forms prior to this date are obsolete)

TN-9001167235

Place Your Classified

24/7!



AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

Winn Elliott, being first duly sworn, says that he is the applicant named in this application or its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Winn Elliott BUSINESS MANAGER
SIGNATURE/TITLE

Sworn to and subscribed before me this 15th day of November, 2017 a Notary
(Month) (Year)

Public in and for the County/State of Davidson County, Tennessee.

Melissa H. Hoot
NOTARY PUBLIC

My commission expires 7/2/18,
(Month/Day) (Year)



PROJECT COMPLETION FORECAST CHART

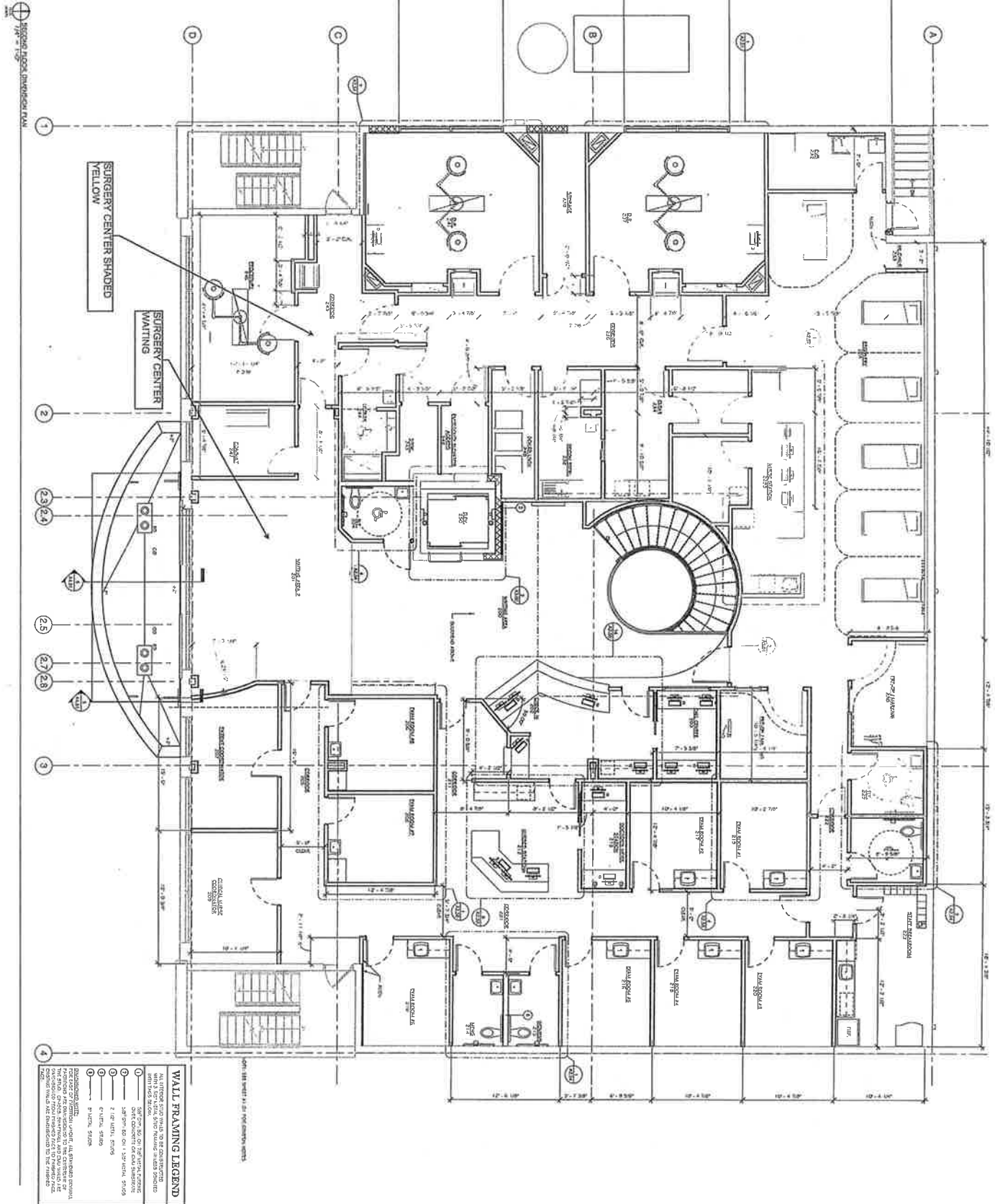
Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	<u>Days Required</u>	<u>Anticipated Date</u> <u>[Month/Year]</u>
1. Initial HSDA decision date		2/28/18
2. Architectural and engineering contract signed	0	5/2016
3. Construction documents approved by the Tennessee Department of Health	14	3/14/18
4. Construction contract signed	0	12/15/17
5. Building permit secured	0	12/15/17
6. Site preparation completed	0	2/1/18
7. Building construction commenced	15	3/15/18
8. Construction 40% complete	76	5/15/15
9. Construction 80% complete	137	7/15/18
10. Construction 100% complete (approved for occupancy)	198	9/15/18
11. *Issuance of License	213	9/28/18
12. *Issuance of Service		
13. Final Architectural Certification of Payment	220	10/5/18
14. Final Project Report Form submitted (Form HR0055)	246	11/1/18

*For projects that **DO NOT** involve construction or renovation, complete Items 11 & 12 only.

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

APPENDIX

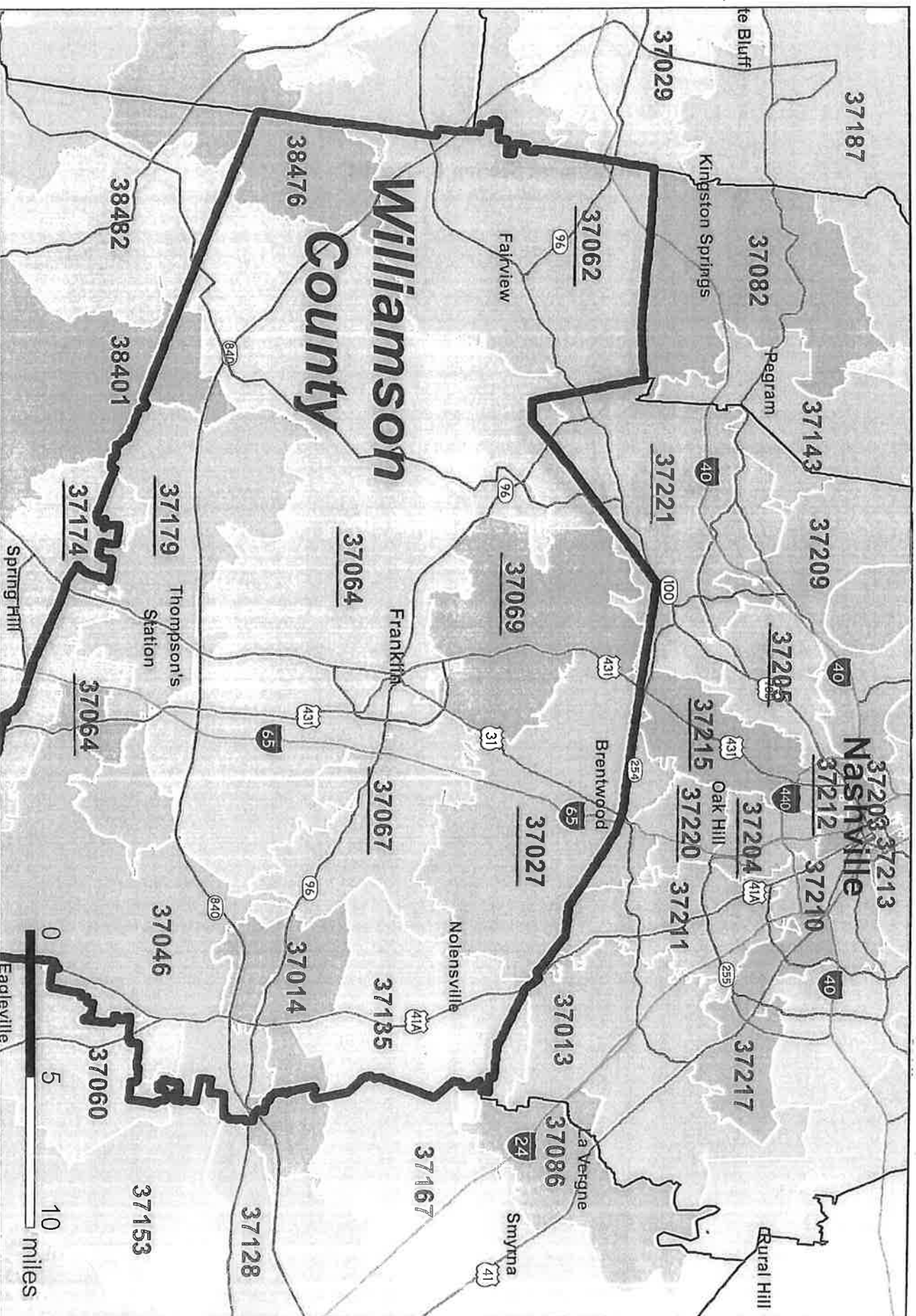


Sheet Number A1.02D SECOND FLOOR DIMENSION PLAN	Project Number: 151118	COOL SPRINGS PLASTIC SURGERY 400 CHURCH STREET BRENTWOOD, TN	CONSTRUCTION DOCUMENTS	consultants: N/A	entegrous ARCHITECTURE functional creativity 1010 AVENUE GROVE DRIVE, STE. 300 FRAZER, TN 37057
	Issue Date: 10/12/2017			entegrous ARCHITECTURE functional creativity 1010 AVENUE GROVE DRIVE, STE. 300 FRAZER, TN 37057	

Attachment Section B - Need-C

Service Area

Zip codes comprising the service area are underlined below



Attachment Section B-Economic Feasibility-F1

PLASTIC SURGERY CLINIC PLLC

PROFIT AND LOSS

January - December 2016

	TOTAL
INCOME	
4010 Skin Care Products	254,362.55
4011 Dysport	51,314.00
4012 Sculptura	1,800.00
4015 Halo	28,218.00
4016 BBL	20,336.20
4017 VBeam	297.50
4070 Income	890.00
4071 Aesthetic Services	27,561.43
4072 Botox	1,117,977.11
4074 Cosmetic	2,142,988.12
4075 Insurance reimb	11,073.71
4076 Laser Hair Removal	4,735.00
4078 Sclerotherapy	37,001.01
4079 Microdermabrasion	8,035.00
4080 Micro-Needling	61,675.00
4082 Juvederm	305,707.47
4981 Voluma	283,337.89
4982 IPL	1,650.00
4983 Volbella	23,406.70
4984 Perlane	9,625.00
4984A ArtefillA	7,600.00
4984R Restylane	78,806.00
4984S Restylane Silk	97.60
4984U Ulthera	42,960.00
4985 Kybella	20,720.00
Total Income	\$4,542,175.29
GROSS PROFIT	\$4,542,175.29
EXPENSES	
4999 Cost of Products & Supplies	
4984AR Artefill	1,670.80
5000 Inventory Adjustment	80,969.23
6430 Supplies	419.99
6431 Aesthetic	31,569.62
6432 Medical	87,198.06
6433 Office	17,121.09
Total 6430 Supplies	136,308.76
6441 Cost of products	
4984RE Restylane	22,673.00
6441.2 Inventory Adjustment	-34,424.34
6442 Botox	501,906.65
6442DYS Dysport	22,248.87
6443 Juvederm	100,497.90
6445 Sculptura	392.00

	TOTAL
6446 Kybella Expense	3,300.00
6447 Volbella Expense	5,890.40
6448 Sclerotherapy	664.25
6449IMP Breast Implants	202,978.80
6449Kyb 6449KYB	7,800.00
6449Per Perlane	6,488.80
6449Vol Voluma	118,937.60
Total 6441 Cost of products	959,353.93
Total 4999 Cost of Products & Supplies	1,178,302.72
5002 Personnel Costs	
6150 Health Insurance	77,527.45
6270 Payroll Processing Fees	431,334.02
6156 HSA Acct Anderson	1,000.00
6157 HSA Acct Kitchell	1,000.00
6160B HSA Barnes	1,000.00
6160F HSA Acct Fry	1,000.00
6160P HSA Papillion	6,750.00
6160S HSA Acct Sapp	1,000.00
6160SB HSA Acct Savannah Barnes	1,000.00
6160W HSA Acct Watson	1,000.00
Total 6270 Payroll Processing Fees	445,084.02
6272 Commissions	532,757.52
6274 Salary	81,316.58
6275 Hourly Wages	294,263.80
6280 Payroll Taxes	84,128.45
Total 5002 Personnel Costs	1,515,077.82
6030 Amortization Expense	146.00
6040 Credit Card Service Charges	67,263.44
6041 Care Credit Service Charges	27,863.49
6042 Pay Pal Service Chg	134.05
Total 6040 Credit Card Service Charges	95,260.98
6080 Depreciation Expense	49,651.00
6090 Drugs & Pharmacy	5,633.50
6100 Dues and Subscriptions	13,343.20
6140 Gifts	3,680.97
6149 Insurance	0.00
6152 Liability & Workmans Comp. Insurance	13,110.00
6153 Disability Insurance	2,034.88
6154 Malpractice Insurance	43,385.79
6155 Workman's Comp	7,621.00
Total 6149 Insurance	66,151.67
6200 Licenses and Permits	756.00
6210 Marketing	7,734.71
6211 Display Adverts	4,883.31
6212 Media Relations	96,949.57
6213 Print Adverts	5,810.61
6214 Kyle Chowning	21,796.50
6215 Physician & Patients	1,280.74
6216 Marketing Other	16,830.32

	TOTAL
Total 6210 Marketing	155,285.76
6230 Miscellaneous	182.52
6260 Office Expense	38,452.92
6290 Postage and Delivery	1,374.19
6320 Professional Development	15,109.93
6330 Professional Fees	
6331 Legal	7,260.00
6332 Accounting	17,500.00
6333 Consultant	90,624.60
Total 6330 Professional Fees	115,384.60
6370 Rent	197,874.35
6375 Software License	641.29
6380 Repairs and Maintenance	3,824.05
6390 Sales & Use Tax	12,009.20
6440 Support Service	61,438.92
6460 Taxes	6,344.96
6462 Property	3,381.17
Total 6460 Taxes	9,726.13
6480 Telephone	16,145.75
6490 Travel & Ent	
6491 Lodging	13,792.71
6492 Entertainment	16.38
6493 Meals	2,861.05
6494 Travel	2,404.17
Total 6490 Travel & Ent	19,074.31
6500 Uniform Expense	1,548.07
6510 Utilities	146.23
Donnation	226.00
Unapplied Cash Bill Payment Expense	0.00
Total Expenses	\$3,576,448.08
NET OPERATING INCOME	\$965,727.21
OTHER EXPENSES	
6160 Interest Expense	6,943.94
Professional Fees 401K Mgment	
6334 401 K Management	1,750.00
Total Professional Fees 401K Mgment	1,750.00
Total Other Expenses	\$8,693.94
NET OTHER INCOME	\$ -8,693.94
NET INCOME	\$957,033.27

PLASTIC SURGERY CLINIC PLLC

BALANCE SHEET

As of December 31, 2016

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1010 First Tennessee Checking	72,445.26
1020 Petty Cash	461.04
Total Bank Accounts	\$72,906.30
Other Current Assets	
1120 Inventory	119,730.88
Total Other Current Assets	\$119,730.88
Total Current Assets	\$192,637.18
Fixed Assets	
1200 Furniture, Fixtures, Equipment	538,891.45
1210 Leasehold Improvements	22,514.00
1211 Leasehold Improvements Ste 302	21,287.55
1220 Accumulated Depreciation	-578,064.00
1230 Build out 620 Church Street	15,093.27
Total Fixed Assets	\$19,722.27
Other Assets	
1300 Nonqualified deferred comp	0.00
1407 Loan Closing Costs	1,538.44
1408 Accum. Amort. Closing Costs	-1,444.54
1409 ORGANIZATIONAL COSTS	4,222.36
1410 ACCUM.AMORTIZATION, ORG COST	-4,221.46
Total Other Assets	\$94.80
TOTAL ASSETS	\$212,454.25
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
2001 Chase Visa	28,767.03
Total Credit Cards	\$28,767.03
Other Current Liabilities	
2000 Current Liability Due/Allergan	0.00
Botox	0.00
Juvederm	0.00
Voluma	0.00
Total 2000 Current Liability Due/Allergan	0.00
2010 First Tennessee L.O.C.	0.00
2060 Loan John R. Moore	0.00
2100 Payroll Liabilities	84.28
2020 Accrued Pension Plan	0.00
2021 Payroll Liabilities other	0.00

	TOTAL
2101 Payroll Liability 401K W/H	0.00
2102 401K employer liability	-473.92
2110 Direct Deposit Liabilities	8,599.08
Other Current Liabilities	0.00
Total 2100 Payroll Liabilities	8,209.44
2201 Use tax payable	0.00
401 K Liability Other	0.00
4026 First Tennessee Bank/Fraxel	0.00
Total Other Current Liabilities	\$8,209.44
Total Current Liabilities	\$36,976.47
Long-Term Liabilities	
4027 Equipment FTB/Ulthera	12,237.12
4028 Equipment FTB/Sciton	133,778.42
Total Long-Term Liabilities	\$146,015.54
Total Liabilities	\$182,992.01
Equity	
3020 Members Equity	-204,927.67
3030 Member Draw	-722,643.36
3040 Member Capital Contribution	0.00
Net Income	957,033.27
Total Equity	\$29,462.24
TOTAL LIABILITIES AND EQUITY	\$212,454.25

Supplemental #1 (COPY)

The Plastic Surgery Center
of Brentwood

CN1711-035

November 28, 2017

Mr. Mark Farber
Health Planner III
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Via Hand Delivery

Re: Certificate of Need Application CN1711-035
The Plastic Surgery Center of Brentwood

Dear Mr. Farber:

Set forth below are the responses of The Plastic Surgery Center of Brentwood, the applicant in Certificate of Need Application CN1711-035 to the request for information dated November 21, 2017. We have filed these in triplicate, as you directed, along with an affidavit regarding the responses. If you have any questions or need additional information, please advise.

1. Section A, Applicant Profile 2.

There seems to be a typo in the ZIP Code for the Contact Person. Please submit a corrected replacement page.

RESPONSE: A corrected replacement page IR is attached.

2. Section A. Executive Summary A. Overview 1) Description.

Please identify the types of plastic surgery that the applicant expects to perform at the ASTC.

RESPONSE: The applicant expects to perform the following types of plastic surgery at its ASTC: rhinoplasty, facelift, neck lift, blepharoplasty, brow lift, otoplasty, facial fat grafting, lip augmentation, mole removal, breast augmentation and other breast procedures, breast implant removal, tummy tuck, liposuction, brachioplasty, and hand rejuvenation.

3. Section A. Executive Summary A. Overview 2) Ownership Structure

What percentage of ownership do Drs. Moore and Papillion each have in the following entities?

- The Plastic Surgery Center of Brentwood, LLC

- The Plastic Surgery Clinic, PLLC
- TIGERCO, LLC

RESPONSE: Dr. Moore and Dr. Papillion each own 50% of The Plastic Surgery Center Brentwood, LLC which will own The Plastic Surgery Center of Brentwood. Dr. Moore and Dr. Papillion each own 50% of The Plastic Surgery Clinic, PLLC. Dr. Moore owns 60% of TigerCo, LLC, while Dr. Papillion owns 40% of TigerCo, LLC.

4. Section A. Executive Summary A. Overview 5) Project Cost

The applicant states that the cost of developing the ASTC space is \$4,700,000 yet the table that follows lists ASC Costs as \$3,099,749. Please explain.

RESPONSE: The sentence referred to in this Request contains typos. The corrected sentence reads: "The determination of the costs of developing the ASTC space yields a greater value: \$3,099,750." The corrected sentence is contained in the revised replacement page 3R attached hereto.

5. Section A. Executive Summary A. Overview 8) Staffing

Please describe the duties of a nurse injector.

RESPONSE: A "nurse injector" is a registered nurse who, pursuant to the supervision of Plastic Surgery Clinic, PLLC physicians injects clinic patients with Botox and other prescribed medications.

6. Section A. Project Details 6.

Please provide a copy of the property deed to document ownership of the site by TIGERCO, LLC.

RESPONSE: The requested deed is attached hereto.

Please provide a fully executed Option to Lease between TIGERCO, LLC and The Plastic Surgery Center of Brentwood, LLC.

RESPONSE: The executed Option to Lease is attached hereto.

7. Section A. Project Details 9.

Please explain why the applicant has chosen not to seek Medicaid/TennCare certification.

RESPONSE: The Plastic Surgery Clinic, PLLC physicians perform elective plastic surgery procedures. It is their understanding that TennCare generally does not reimburse pay for such procedures. The applicant notes that the Delozier Surgery Center, located in Davidson County outside the applicant's service area, is currently limited to plastic

surgery services. Its 2016 JAR reports zero TennCare charges or revenues; this is further confirmation of the PLLC physicians' understanding noted above.

8. Section B, Need, A. (Specific Criteria –ASTC)

Please explain why the applicant chose not to address Items 1-4 and 11.a-c.

RESPONSE: With regard to Items 1-4, Item 1 specifically directs an ASTC CON applicant "that desires to limit its cases to a specific type or types should apply for a Specialty ASTC." Because the applicant here is applying for a specialty ASTC, it limited its responses to responding to Item 5 which specifically addresses the requirements for ASTC CON applicants which are applying for a CON for a specialty ASTC.

With regard to Items 11.a-c., the applicant responds as set forth below:

Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an application:

- a. Who is offering the service in a medical underserved area as designated by the United States Health Resources and Services Administration;

RESPONSE: Not applicable.

- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

RESPONSE: Not applicable.

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

RESPONSE: The applicant has committed in its CON application to seek to participate in the Medicare program.

9. Section B, Need, A. (Specific Criteria –ASTC) Item 5.

Please complete the following table for Year 2 of the proposed project:

Operating Rooms	# cases	# cases/ Room	Minutes Used	Average Turnaround Time	Schedulable minutes*	% of Schedulable Time Used
Operating Room #1						
Operating						

Room #2						
Procedure Room						
Total Surgical Suite						

* defined as the summation of the minutes by each room available for scheduled cases

Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs/day X 60 min/hr = 540 minutes/day X 5 days/week = 2,700 minutes / week X 50 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite schedulable capacity

RESPONSE: Plastic surgery cases often consume, per case, hours of OR time. For example, in October 2017, more than 50% of Dr. Papillion's cases took more than two hours to complete, and five cases took five hours or more to complete. Similarly, in October 2017, nearly 50% of Dr. Moore's cases took over two hours to complete. Five of his cases took five hours or more to complete, including one which took nine hours. These examples of OR time help to explain why these physicians seek to establish their own ASTC. The applicant's response regarding the above chart is set forth below for year 2 of this ASTC. It shows that the proposed ASTC will be utilized at approximately 130% of the surgery minutes projectable for the 884 OR cases that reflect the State Health Plan standard.

Operating Rooms	# cases	# cases/ Room	Minutes Used	Average Turnaround Time	Schedulable minutes*	% of Schedulable Time Used
Operating Room #1	350	350	89,000	60 minutes	135,000	66%
Operating Room #2	350	350	89,000	60 minutes	135,000	66%
Procedure Room	215	215	72,500	60 minutes	135,000	54%
Total Surgical Suite	915	915	250,500	60 minutes	405,000	61.8%

* defined as the summation of the minutes by each room available for scheduled cases

Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs/day X 60 min/hr = 540 minutes/day X 5 days/week = 2,700 minutes / week X 50 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite schedulable capacity

Please complete the following charts for all ASTCs in Davidson and Williamson Counties that perform plastic surgery cases: (Please note that ASTC criteria define service area as “....county or counties represented by the applicant.....”)

2014-2016 Service Area Utilization Trend

County	ASTC	2014 PS Cases	2014 Total Cases	2014 PS as a %Total	2015 PS Cases	2015 Total Cases	2015 PS as a %Total	2016 PS Cases	2016 Total Cases	2016 PS as a %Total	PS Cases '14-'16 % change	Total Cases '14-'16 % change
Williamson	Cool Springs ASC	231	8,241	2.8%	285	5,448	5.2%	286	5,698	5%	24%	(31%)
Davidson	St. Thomas Surg.	214	6,078	3.5%	304	5,963	5.1%	291	5,973	4.9%	36%	(1.7%)
	Grand Total/Average	445	14,319	3.1%	589	11,451	5.1%	577	11,671	4.9%	30%	(18.5%)

PS=Plastic Surgery
Source: ASTC JAR

2016 Service Area ASTC Utilization

County	ASTC	# ORs	# OR Cases	# Cases per OR	% of meeting 884 Minimum	# PRs	# PR Cases	# Cases per PR	% of Meeting 1,867 Minimum
Williamson	Cool Springs ASC	5	5,698	1,140	128.9%	2	3,526	1,763	94.4%
Davidson	St. Thomas Surgicare	6	5,973	955.5	112.6%	1	1,317	1,317	70.5%
	Grand Total/Average								

Source: ASTC JAR

Please provide the following information for hospitals in Davidson and Williamson Counties that provided plastic surgery in 2016.

County	Hospital	Plastic Surgery Cases	Total Cases	Plastic Surgery as a % of Total

Source: 2016 Hospital JAR

RESPONSE: The applicant responds to the above chart as set forth below, for outpatient cases at hospitals in the applicant's designated service only:

	Hospital	Plastic Surgery Cases	County	Plastic Surgery as a % of Total
Williamson	Williamson Medical Center	6	5,045	.1%
Davidson	St. Thomas West	297	6,302	4.7%

Please provide the following information for the applicant facility

Applicant Projected Utilization

Year	# ORs	# OR Cases	# Cases per OR		# PRs	# PR Cases	# Cases per PR
2019							
2020							

RESPONSE: The applicant's response to the above chart is set forth below:

Applicant Projected Utilization

Year	# ORs	# OR Cases	# Cases per OR		# PRs	# PR Cases	# Cases per PR
2019	1				1		
2020	2	540	270		1	375	375

Please provide a breakdown by facility where the outpatient surgical cases were performed by Drs. Moore, Papillion, and Moran in 2016.

RESPONSE: Dr. Moran was not in practice in Tennessee in 2016. As to Dr. Moore and Dr. Papillion, their use of other surgical facilities is set forth as follows: in 2016, Dr. Moore and Dr. Papillion performed 139 surgeries at Williamson Medical, 138 surgeries at Cool Springs ASTC, and 398 surgeries in the Plastic Surgery Clinic, PLLC office. For 2017 through 10/31/17, Dr. Moore and Dr. Papillion have performed 176 surgeries at Williamson Medical Center, 157 surgeries at Cool Springs ASTC, and 432 surgeries in The Plastic Surgery Clinic, PLLC office.

10. Section B, Need, A. (Specific Criteria –ASTC) Item 8.

Your response to this item is noted. ASTCs do report their utilization by ZIP Code and Specialty. If the applicant wishes to provide this information the applicant will need to make a data request to the Department of Health, Health Statistics and ask for a patient destination study. The applicant will need to provide the ZIP Codes of the service area and define “plastic surgery” by grouping together the applicable ICD 9/10 codes in order for Health Statistics to run the report in the ASTC Data System.

RESPONSE: The applicant has projected its future utilization in response to Request No. 12 below based upon its historical utilization from service area zip codes enhanced by population growth and the addition of Dr. Moran to the physician ranks of The Plastic Surgery Clinic, PLLC in late 2017.

11. Section B, Need, A. (Specific Criteria –ASTC) Item 9 Access and Economic Efficiencies

Please identify all assumptions, including the specific methodology employed by the applicant by which the utilization is projected.

RESPONSE: The assumptions and methodology utilized by the applicant in projecting the proposed ASTCs future utilization are set forth above in the response to Request No. 10.

12. Section B, Need Item C. Service Area

Your response to this item is noted. Please complete the following tables:

Service Area	Historical Utilization	% Total Procedures
37204-Nashville		
37205-Nashville		
37215-Nashville		
37221-Nashville		
37220-Nashville		
Other Davidson County		
37027-Brentwood		
37067-Franklin		
37064-Franklin		
37069-Franklin		
37179-Thompsons Station		
37062-Fairview		
37046-College Grove		
37174-Spring Hill		
Other Williamson County		
Other Areas		
TOTAL		

Service Area	Projected Utilization	% Total Procedures
37204-Nashville		

37205-Nashville		
37215-Nashville		
37221-Nashville		
37220—Nashville		
Other Davidson County		
37027-Brentwood		
37067-Franklin		
37064-Franklin		
37069-Franklin		
37179-Thompsons Station		
37062-Fairview		
37046-College Grove		
37174-Spring Hill		
Other Williamson County		
Other Areas		
TOTAL		

RESPONSE: The applicant responds to the above charts as follows, as edited to utilize the actual service area claimed by the applicant:

Service Area	Historical Utilization	% Total Procedures
37204-Nashville	9	.67%
37205-Nashville	9	.69%
37212-Nashville	3	.2%
37215-Nashville	17	1.13%
37221-Nashville	22	1.46%
37220-Nashville	3	0.2%
Other Davidson County	183	12.18%
37027-Brentwood	170	11.31%
37067-Franklin	148	9.85%
37064-Franklin	230	15.3%
37069-Franklin	76	5.06%
37179-Thompsons Station	29	1.93%
37062-Fairview	8	0.53%
Other Williamson County	389	25.88%
Other Areas	210	13.97%
TOTAL	1,503	100%

Service Area	Projected Utilization	% Total Procedures
37204-Nashville	14	0.83%
37205-Nashville	15	0.88%
37212-Nashville	4	0.24%
37215-Nashville	64	3.78%
37221-Nashville	34	2.01%
37220—Nashville	7	0.41%
Other Davidson County	218	12.86%
37027-Brentwood	203	11.98%
37067-Franklin	173	10.21%
37064-Franklin	305	17.99%
37069-Franklin	95	5.6%
37179-Thompsons Station	29	1.71%
37062-Fairview	8	0.47%
Other Williamson County	343	20.24%
Other Areas	183	10.8%
TOTAL	1,695	100%

Please provide a map of Tennessee identifying Davidson and Williamson Counties as service area counties.

RESPONSE: The requested state map is attached as replacement page 18-R.

13. Section B, Need Item D.1. Demographics

Please complete the Department of Health/Health Statistics section of the demographic chart for Davidson and Williamson Counties. Please use the female population as your target population.

RESPONSE: The requested table is set forth below, utilizing 2022 as the projected year:

Mr. Mark Farber
November 30, 2017
Page 5R

population growth, the applicant has projected the 780 surgical cases and procedures at this ASTC in Year 1 and 915 surgical cases and procedures in Year 2. The requested projected utilization chart is set forth below:

Service Area	Historical Utilization	% Total Procedures
37204-Nashville	4	.59%
37205-Nashville	4	.58%
37212-Nashville	1	.20%
37215-Nashville	8	1.13%
37221-Nashville	10	1.47%
37220-Nashville	1	0.20%
Other Davidson County	82	12.14%
37027-Brentwood	77	11.33%
37067-Franklin	67	9.86%
37064-Franklin	103	15.25%
37069-Franklin	34	5.07%
37179-Thompsons Station	13	1.93%
37062-Fairview	4	0.53%
Other Williamson County	174	25.8%
Other Areas	94	13.92%
TOTAL	675	100%

Service Area	Projected Utilization	% Total Procedures
37204-Nashville	6	0.83%
37205-Nashville	7	0.88%
37212-Nashville	2	0.24%
37215-Nashville	29	3.78%
37221-Nashville	16	2.01%
37220—Nashville	3	0.41%
Other Davidson County	100	12.86%
37027-Brentwood	93	11.98%
37067-Franklin	80	10.21%
37064-Franklin	140	17.99%
37069-Franklin	44	5.6%
37179-Thompsons Station	13	1.71%
37062-Fairview	4	0.47%
Other Williamson County	158	20.24%
Other Areas	84	10.8%
TOTAL	780	100%

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population - Current Year	Total Population - Projected Year	Total Population-% Change	*Target Population-Current Year	*Target Population-Project Year	*Target Population-% Change	Target Population Projected Year as	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total Population
County A Williamson	219,105	251,638	17.5%	111,998	132,912	18.7%	51.6%	38.9	\$96,565	10,172	5.1%	12,460	5.7%
County B, etc. Davidson	684,415	730,404	6.7%	354,771	377,162	6.3%	51.6%	34.2	48,638	116,031	18.2%	141,404	20.7%
Service Area Total **	903,520	988,039	9.4%	466,769	510,074	9.3%	51.6%			126,203	14%	153,864	17%
State of TN Total								38.4	45,129	1,117,594	17.6%	1,446,810	21.8%

* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

Additionally, 2015 ZIP Code population estimates are available from the Bureau of the Census website using the American FactFinder Tool. Please provide this information for each ZIP Code in the proposed service area.

RESPONSE: The applicant has identified an error in its service area zip code listing in response to application Section B, Subpart C on page 16 of the application. Zip codes 37174 and 37046 should be eliminated from its claimant service area. Also, zip code 37212 in Davidson County and as shown on the original service area map, should be included in the service area. All charts in these supplemental responses reflect these changes. A revised color service area chart is attached, as is a replacement page 16R.

Zip Code Population

Service Area	2015 Population Estimate*
37204-Nashville	13,169
37205-Nashville	24,341
37212-Nashville	20,130
37215-Nashville	21,691
37221-Nashville	39,313
37220—Nashville	5,611
37027-Brentwood	53,242
37067-Franklin	25,787
37064-Franklin	53,212
37069-Franklin	19,614
37179-Thompsons Station	11,498
37062-Fairview	10,954
TOTAL	298,562

*From Bureau of Census, American Factfinder, 2015
ACS 5-year Population Estimate.

14. Section B. Economic Feasibility Item A. Project Cost Chart

It is noted that a letter from an architect or construction professional will be provided.

RESPONSE: The architect's letter is attached here from Steve Akers, a Tennessee-licensed architect.

15. Section B. Economic Feasibility Item B. Funding Sources

Your response to this item is noted. Please provide a letter from a bank stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions.

RESPONSE: The requested bank letter is attached hereto from Jonathan Williams, Vice President/Commercial Banker, First Citizens National Bank of Franklin, Tennessee.

16. Section B. Economic Feasibility Item D. Projected Data Chart

Please explain why there are no provisions for contractual adjustments or bad debt.

RESPONSE: The medical practice of The Plastic Surgery Clinic, PLLC consists of elective plastic surgery. Thus, there are no insurance company contracts which may cause contractual adjustments. Similarly, the PLLC's practice does not encounter bad debt; it requires payments for its services up front.

Please explain why there are no salaries for Non-Patient care while the staffing chart on page 34 displays 0.8 FTE non-patient staffing.

RESPONSE: Any prior calculation errors have been corrected on the revised Projected Data Chart attached hereto.

17. Section B. Economic Feasibility Item E. 1)

The applicant should include the charity care funds under Deductions From Revenue. Please correct this chart and submit a replacement page 31.

RESPONSE: The applicant has revised the Projected Data Chart as requested. The corrected chart is attached hereto as replacement pages 29R-30R.

18. Section B. Economic Feasibility Item F. 1)

Please provide audited financial statements if available.

RESPONSE: Since The Plastic Surgery Center Brentwood, LLC and TigerCo, LLC are new entities, established in 2017, they do not have audited financial statements yet. The Plastic Surgery Clinic, PLLC is a professional limited liability company, and does not have formally audited financial statements.

Please explain how the Plastic Surgery Clinic, PLLC will be a source of funding when earlier the applicant indicated that the project will be funded by a commercial loan.

RESPONSE: There are three entities involved in this project, all of which are owned by Drs. Moore and Papillion. TigerCo, LLC owns the land and building and is building out the shell. The Plastic Surgery Center Brentwood, LLC owns the proposed ASC (which rents space from TigerCo, LLC) and is borrowing money to complete the ASC buildout. The PLLC rents space from TigerCo, LLC and is borrowing money to complete the clinical buildout. The money that the PLLC distributes to the members will be used to fund the equity portion of the TigerCo and Surgery Center financing activities.

19. Section B. Economic Feasibility Item F. 2) Net Operating Margin Ratio

The information provided does not appear to match up with the definition of Earnings before Interest, Taxes, and Depreciation/Net Operating Revenue. Please recalculate the Net Operating Margin Ratios and submit a revised Page 32.

RESPONSE: The applicant is revising its earlier response as requested and is submitting with this response revised Page 32R. The applicant applied the Net Operating Margin Ratio as follows: Earnings before Interest, Taxes and Depreciation equals 299,350. Net Operating Revenue (from Projected Data Chart) is 1,365,000. The division of 299,350 by 1,365,000 yields a Net Operation Margin Ratio of 21.9%.

20. Section B. Economic Feasibility Item F. 3)

Please show the calculations that lead to a 74.5% capitalization ratio.

RESPONSE: In responding to this question, the applicant utilized the following calculations:

Long-term PLLC debt, post-construction = \$1,302,222

+ Long-term Surgery Center Brentwood, LLC debt = \$1,572,858

The total of these two debt figures equals \$2,875,080. That figure is then divided by that debt figure plus the PLLC asset total from its 2016 balance sheet, which was \$212,454. The result of this calculation is a capitalization ratio of 93.1%. A replacement page 33R is attached reflecting the change in calculation result.

21. Section B. Economic Feasibility Item G.

Please explain why the applicant does not project any Medicare or Commercial revenue.

RESPONSE: See the revised Project Data Chart filed with these responses: it now shows projected Medicare revenue and deductions. As noted above, the PLLC's practice has not generally received commercial insurance revenue, and does not expect the ASTC's experience to be different.

22. Section B. Contribution to Orderly Development Item D

On page 8 of the application the applicant indicates that certification will be sought for Medicare. The applicant does not indicate that here. Please explain.

RESPONSE: The omission from Orderly Development Item D of the applicant's intent to seek Medicare certification is an error. The application has corrected that error in the attached page 36R. The applicant has reviewed the licensure requirements of the Tennessee Board for Licensing Health Care Facilities and understands them. It will also seek Medicare certification, and understands the licensing and certification requirements for medical and clinical staff. However, the applicant currently does not plan to seek Medicare certification within the first two years of operation of the ASTC. These physicians seek to acquire experience in the operation of an ASTC for a period of time before seeking Medicare certification.

23. Section B. Quality Measures

Please verify and acknowledge the applicant will be evaluated annually whether the proposal will provide health care that meets appropriate quality standards upon the following factors:

(3) Quality. Whether the proposal will provide health care that meets appropriate quality standards may be evaluated upon the following factors:

(a) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;

RESPONSE: Yes. The applicant will maintain its proposed staffing level.

(b) Whether the applicant will obtain and maintain all applicable state licenses in good standing;

RESPONSE: Yes. The applicant is committed to obtain and maintain a Tennessee license for an ASTC issued by the Tennessee Board for Licensing Health Care Facilities.

(c) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;

RESPONSE: As noted above in the response to Request No. 22, the applicant plans to seek Medicare certification after operating the ASTC for a period of time.

(d) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;

RESPONSE: Not applicable.

(e) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;

RESPONSE: Not applicable.

(f) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external assessment against nationally available benchmark data to accurately assess its level of performance in relation to established standards and to implement ways to continuously improve.

RESPONSE: The applicant will participate in such self-assessment and external assessment.

1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:

(ii) Accreditation Association for Ambulatory Health Care, and where applicable, American Association for Accreditation of Ambulatory Surgical Facilities, for Ambulatory Surgical Treatment Center projects;

RESPONSE: The applicant will seek AAAHC accreditation for its ASTC.

(g) For Ambulatory Surgical Treatment Center projects, whether the applicant has estimated the number of physicians by specialty expected to utilize the facility, developed criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documented the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

RESPONSE: The applicant has projected that the three physician employees of The Plastic Surgery Clinic, PLLC, Dr. Moore, Dr. Papillion and Dr. Moran, will be the physicians performing surgery at the applicant's ASTC, plus any other plastic surgeons who become employees of that PLLC. As noted in the application, members of the applicant have already had contacts with the anesthesiologists at Vanderbilt regarding the provision of anesthesia services at this proposed ASTC.

Signature on Following Page

Mr. Mark Farber
November 28, 2017
Page 17

93

Supplemental #1

November 29, 2017

9:06 am

Sincerely,

A handwritten signature in black ink, appearing to read "Winn Elliott", with a stylized flourish at the end.

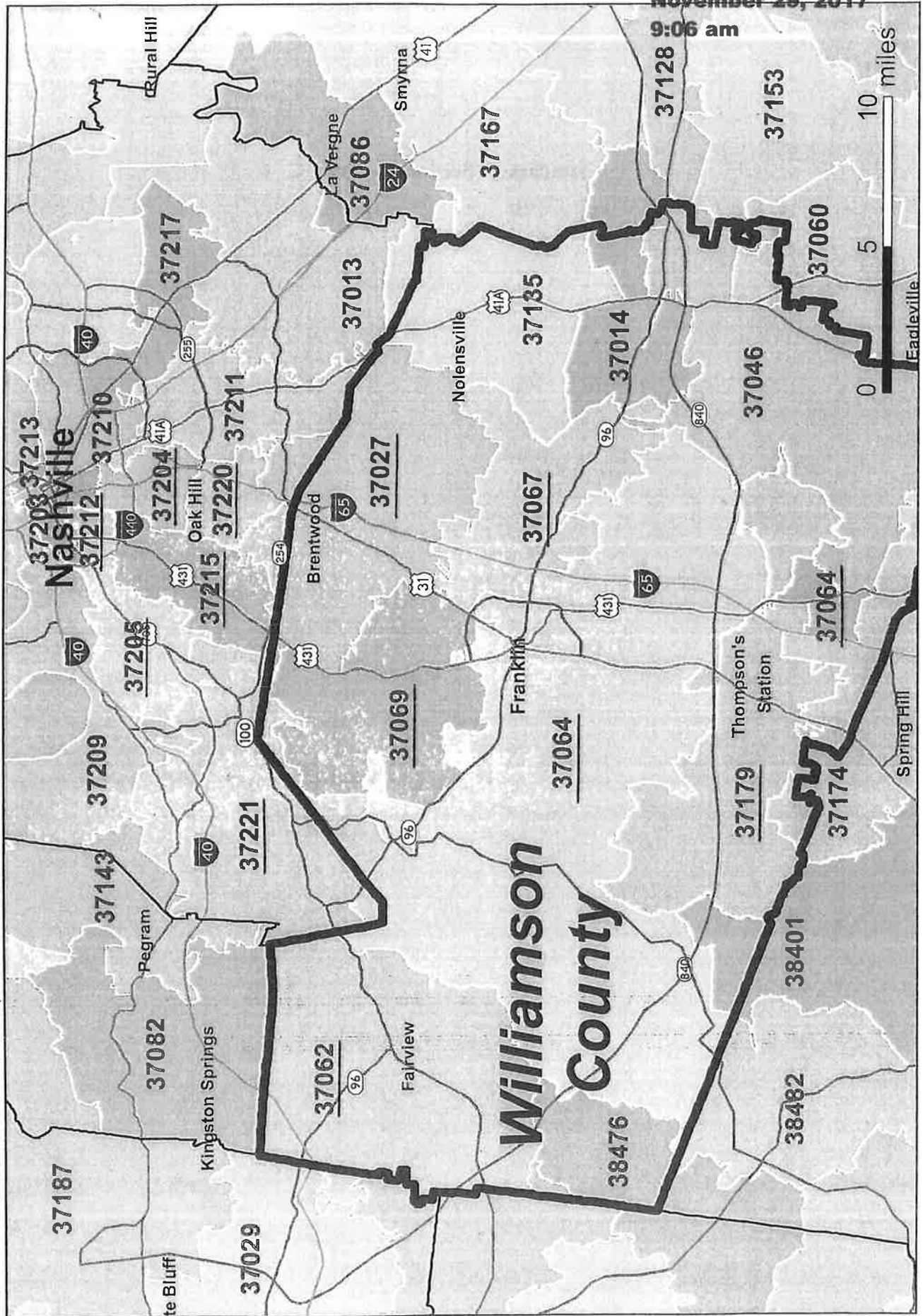
Winn Elliott, Business Manager

WHW/mhh

Enclosures

APPENDIX

Attachment Section B - Need-C



Attachment Section B-Economic Feasibility-F1

3570 Aspen Grove Drive
Suite 302
Franklin TN 37067
615.771.8935

November 27, 2017

620 Church St E Renovation
Dr. John R. Moore
1909 Mallory Ln #104
Franklin, TN 37067
(615) 771-7718

**Re: Reasonability of Scope and Project Cost for Cool Springs Plastic Surgery ASC - Brentwood, TN
Architect's Project No. 16-116**

Dear Dr. Moore,

Please accept this letter as an opinion of likely project cost planned for the proposed center and general overall description of the project scope. Our intent with this letter is to address the submission to the state for Certificate of Need application.

PROJECT BUDGET

Based on preliminary studies conducted for CON preparations, the project costs for the ASC are \$1,843,276 for Construction and \$405,427 for Soft Costs (including Architect, Engineering, Development and misc professional services fee).

Based on our firm's experience with projects of this size and type planned for a new ambulatory surgery center, as well as our team's data related to project construction cost for this geographic area, it is our opinion that the project construction cost and associated architect's/engineer's fees are reasonable and appropriate. It is also our opinion that the projected budget will allow the owner to construct a high-quality facility.

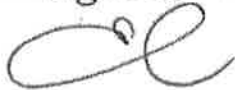
PROJECT DESCRIPTION - CODE COMPLIANCE

The project for the surgery center will be located in a renovated medical office building that is 15,314 SF in total. 4,482 SF is planned for the surgery center, which will include two (2) operating rooms, and one (1) procedure room with ancillary support spaces.

The facility will be designed to meet local, state and federal standards and regulations, including the adopted edition of the AIA/FGI Guidelines for Design and Construction of Health Care Facilities.

Sincerely;
The Innovations Group, LLC, d/b/a

Integrous Architecture



Eric C. Powers
President
TN Architectural license #023174

November 29, 2017

9:06 am

**FIRST CITIZENS
NATIONAL BANK**

MEMBER FDIC

9045 Carothers Parkway
Franklin, TN 37067
615.591.2248www.FirstCNB.com

11/15/17

Dear Eric,

Pursuant to your request here is the proposal for The Plastic Surgery Center Brentwood, LLC that we discussed today:

Borrower: The Plastic Surgery Center Brentwood, LLC

Amount: \$1,572,858.17

Fee: 0.25%

Secured by Blanket Lien on The Plastic Surgery Center Brentwood, LLC (essentially tenant improvements) and cross collateralized by real estate

Structure: 15 year amortization / 7 year ARM

Rate: 4.25%

Renewal: 10 year T-Bill Rate + 2.50%

Guarantees: Dr. Moore 50% of loan amount

Dr. Papillion 50% of loan amount

This proposal is not a commitment to lend and is subject to a full underwrite, approval, due diligence, and full banking relationship for the borrowing entity.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jonathan Williams'.

Jonathan Williams
Vice President/Commercial Banker
First Citizens National Bank
Cool Springs Office

Unbelievably Good

November 29, 2017**9:06 am**

SECTION II
TERMS AND CONDITIONS OF THE LEASE

2.1 The parties agree to execute a formal lease agreement, subject to any terms and conditions contained in this Option to Lease Agreement and with such other terms to be mutually agreed upon.

2.2 Base rent for the Leased Space during the term shall be \$195,000 annually.

2.3 The initial term of the lease shall expire, unless extended, ten years from its commencement date.

SECTION III
MISCELLANEOUS PROVISIONS

3.1 Any notices require or permitted herein shall be addressed as follows:

As to Lessor:

TigerCo, LLC
1909 Mallory Lane, Suite 104
Franklin, TN 37064

As to Lessee:

Plastic Surgery Center Brentwood, LLC
1909 Mallory Lane, Suite 104
Franklin, TN 37064

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by such party, as of the date first above written.

LESSOR:

By:

Title:

Date:

TigerCo, LLC

[Signature]

LESSEE:

By:

Title:

Date:

Plastic Surgery Center Brentwood, LLC

[Signature]

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY: PLASTIC SURGERY CENTER OF BRENTWOOD

I, WINTON ELLIOTT, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Winton Elliott BUSINESS MANAGER
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 28th day of November 2017, witness my hand at office in the County of Davidson, State of Tennessee.

Melissa H. Smart
NOTARY PUBLIC

My commission expires

7/2/18

HF-0043

Revised 7/02

Supplemental #2 (Copy)

The Plastic Surgery Center
of Brentwood

CN1711-035

November 30, 2017**1:58 PM**

November 30, 2017

Mr. Mark Farber
Health Planner III
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Via Hand Delivery

Re: Certificate of Need Application CN1711-035
The Plastic Surgery Center of Brentwood

Dear Mr. Farber:

Set forth below are the responses of The Plastic Surgery Center of Brentwood, the applicant in Certificate of Need Application CN1711-035 to the request for information dated November 29, 2017. We have filed these in triplicate, as you directed, along with an affidavit regarding the responses. If you have any questions or need additional information, please advise.

1. Section B, Need, A. (Specific Criteria –ASTC) Item 5.

What is the distance in miles and travel time from the applicant physician offices in Cool Springs to the new location in Brentwood?

RESPONSE: The distance from the PLLC's current offices (which the PLLC will leave once the Brentwood building's renovations are complete) is 8.8 miles. The travel time is approximately 11 minutes from the PLLC's current offices to the new site at 620 Church Street East, Brentwood, TN 37027. When this CON project is complete, the entire renovation of this building will be complete. The PLLC's main office will then be at 620 Church Street East in the Brentwood zip code. The PLLC will then close its clinic at the 1909 Mallory Lane office in Franklin.

Your response to this item is noted. As the applicant has pointed out on page 9 of the supplemental response, historically almost 40% of the applicant's patients reside in portions of Davidson and Williamson Counties outside the applicant ZIP Code primary service area.

RESPONSE: The HSDA's definition of a project's service area, defined in HSDA Rule 0720-9-.01(23), is "the county or counties, or portions thereof, representing a reasonable area in which a health care institution intends to provide services and in which the majority of its services recipients reside." The applicant's claimed service area satisfies the criteria of the HSDA Rules' service area definition.

RESPONSE: The requested ASTC data tables are set forth below:

2014-2016 Service Area Utilization Trend

County	ASTC	2014 PS Cases	2014 Total Cases	2014 PS as a % Total	2015 PS Cases	2015 Total Cases	2015 PS as a % Total	2016 PS Cases	2016 Total Cases	2016 PS as a % Total	PS Cases '14-'16 % change	Total Cases '14-'16 % change
Davidson	Baptist Surgicare	827	7,635	10.8%	828	7,318	11.3%	812	8,487	9.6%	(1.8%)	11.1%
Davidson	Centennial ASC	99	4,973	2%	114	6,058	1.9%	132	5,216	2.5%	33%	4.9%
Davidson	Delozier ASC	426	426	100%	457	457	100%	449	449	100%	5.4%	5.4%
Davidson	NorthRidge	16	2,290	.7%	16	1,766	.9%	13	217	.6%	(19%)	(5.2%)
Davidson	St. Thomas Surgicare	214	5,108	4.2%	304	5,963	5%	291	5,973	4.9%	36%	17%
Davidson	Summit ASC	44	4,826	.9%	46	4,105	1.1%	49	4,983	1%	11.4%	3.3%
Williamson	Cool Springs	231	5,754	4%	285	5,448	5.2%	286	5,698	5%	(21%)	(1%)
	Grand Total/Average	1,857	31,012	6%	2,050	31,115	6.6%	2,032	31,023	6.55%	3.9%	.04%

PS=Plastic Surgery
Source: ASTC JAR

2016 Service Area ASTC Utilization

County	ASTC	# ORs	# OR Cases	# Cases per OR	% of meeting 884 Minimum	# PRs	# PR Cases	# Cases per PR	% of Meeting 1,867 Minimum
Davidson	Baptist Surgicare	9	8,487	943	107%	1	282	282	10.57%
Davidson	Centennial ASC	6	5,216	869	98.3%	2	2,315	1,158	43.4%
Davidson	Delozier ASC	1	449	449	51%	0			
Davidson	NorthRidge	5	2,171	434	49.1%	2	313	156.5	5.87%
Davidson	St. Thomas Surgicare	6	5,973	995.5	113%	1	1,317	1,317	49.38%
Davidson	Summit ASC	5	4,983	996.6	113%	1	428	428	16.05%
Williamson	Cool Springs	5	5,698	1,140	129%	2	3,526	1,763	66.1%
	Grand Total/Average	37	32,977	891.3	101%	9	8,181	909	48.7%

Source: ASTC JAR

Please provide the following information for hospitals in Davidson and Williamson Counties that provided plastic surgery in 2016.

County	Hospital	Plastic Surgery Cases	Total Cases	Plastic Surgery as a % of Total

Source: 2016 Hospital JAR

RESPONSE: The requested hospital data table is set forth below:

County	Hospital	Plastic Surgery Cases	Total Cases*	Plastic Surgery as a % of Total
Davidson	Metro General Hospital	6	2,641	.2%
Davidson	St. Thomas Midtown	376	8,204	4.6%
Davidson	St. Thomas West	297	6,302	4.7%
Davidson	Centennial Medical Center	2,088	25,868	8.1%
Davidson	TriStar Skyline	20	5,098	.4%
Davidson	TriStar Summit	61	4,199	1.5%
Davidson	Vanderbilt Medical Center	1,889	35,724	5.3%
Williamson	Williamson Medical Center	6	5,046	.1%

Source: 2016 Hospital JAR

*Outpatient cases only

The applicant did not complete the following chart for Year 2019. Additionally, the data provided in this chart did not match with the data provided in the previous "Schedulable Minutes" Chart. Please address this discrepancy.

RESPONSE:

Please complete the following chart for both Years 2019 and 2020 and make any other needed corrections:

Applicant Projected Utilization

Year	# ORs	# OR Cases	# Cases per OR	# PRs	# PR Cases	# Cases per PR
2019						
2020						

RESPONSE: In analyzing its data further, the applicant realized that its Historical Data chart responses to original Supplemental Request No. 12, on page 9 of the Responses to the original Supplemental Information Request included data for more than one year. Upon this realization the applicant re-analyzed its data to determine its 2016 surgical utilization. The re-analyzed data is set forth below. The Historical Data Chart shows that the applicant had 675 surgical cases and procedures in 2016. Based upon that analysis, and accounting for the entry into their practice of Dr. Moran and other factors such as

Mr. Mark Farber
November 30, 2017
Page 5R

population growth, the applicant has projected the 780 surgical cases and procedures at this ASTC in Year 1 and 915 surgical cases and procedures in Year 2. The requested projected utilization chart is set forth below:

Service Area	Historical Utilization	% Total Procedures
37204-Nashville	4	.59%
37205-Nashville	4	.58%
37212-Nashville	1	.20%
37215-Nashville	8	1.13%
37221-Nashville	10	1.47%
37220-Nashville	1	0.20%
Other Davidson County	82	12.14%
37027-Brentwood	77	11.33%
37067-Franklin	67	9.86%
37064-Franklin	103	15.25%
37069-Franklin	34	5.07%
37179-Thompsons Station	13	1.93%
37062-Fairview	4	0.53%
Other Williamson County	174	25.8%
Other Areas	94	13.92%
TOTAL	675	100%

Service Area	Projected Utilization	% Total Procedures
37204-Nashville	6	0.83%
37205-Nashville	7	0.88%
37212-Nashville	2	0.24%
37215-Nashville	29	3.78%
37221-Nashville	16	2.01%
37220—Nashville	3	0.41%
Other Davidson County	100	12.86%
37027-Brentwood	93	11.98%
37067-Franklin	80	10.21%
37064-Franklin	140	17.99%
37069-Franklin	44	5.6%
37179-Thompsons Station	13	1.71%
37062-Fairview	4	0.47%
Other Williamson County	158	20.24%
Other Areas	84	10.8%
TOTAL	780	100%

The requested projected ASTC utilization chart is set forth below:

Applicant Projected Utilization

Year	# ORs	# OR Cases	# Cases per OR		# PRs	# PR Cases	# Cases per PR
2019	2	538	269		1	242	242
2020	2	700	350		1	215	215

Please project for Years 2019 and 2020 the number of cases that will be performed in The Plastic Surgery Clinic, PLLC offices. Please describe in detail the types of cases that are provided in the offices and how those differ from the cases performed in the ASTC.

RESPONSE: Once the ASTC is in operation, outpatient surgical cases and procedures will no longer be performed in the PLLC offices in the new building or elsewhere. However, the PLLC offices will continue to provide non-surgical cosmetic procedures such as botox injections, filler injections, skin-care services and certain laser procedures which can be performed by an RN. None of these procedures require any anesthesia other than topical skin numbing on occasion unlike surgical cases and procedures performed in the ASTC, which also must be performed by a physician.

2. Section B, Need Item C. Service Area

Your response to this item is noted. The total projected utilization does not match up with projected utilization in the chart on Page 7 of the supplemental response nor the "Schedulable Minutes" chart.

Please address this discrepancy.

RESPONSE: As indicated above in the response to Request No. 1, the applicant set forth above revised its responses to these two tables as set forth below (as also shown in response to No. 1 above):

Service Area	Historical Utilization	% Total Procedures
37204-Nashville	4	.59%
37205-Nashville	4	.58%
37212-Nashville	1	.20%
37215-Nashville	8	1.13%
37221-Nashville	10	1.47%
37220-Nashville	1	0.20%
Other Davidson County	82	12.14%
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Other Williamson County	174	2.5%
Other Areas	94	13.92%
TOTAL	675	100%

Service Area	Projected Utilization	% Total Procedures
37204-Nashville	6	0.83%
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37064-Franklin	140	17.99%
37069-Franklin	44	5.6%
37179-Thompsons Station	13	1.71%
37062-Fairview	4	0.47%
Other Williamson County	158	20.24%
Other Areas	84	10.8%
TOTAL	780	100%

Also, the applicant has revised the "scheduleable minutes" chart in original supplemental request number 9 response as set forth below:

Operating Rooms	# cases	# cases/ Room	Minutes Used	Average Turnaround Time	Schedulable minutes*	% of Schedulable Time Used
Operating Room #1	350	350	89,000	60 minutes	135,000	66%
Operating Room #2	350	350	89,000	60 minutes	135,000	66%
Procedure Room	215	215	25,800	60 minutes	135,000	19%
Total Surgical Suite	915	915	203,800	60 minutes	405,000	50%

3. Section B, Need Item D.1. Demographics

Your response to this item is noted. Please complete the "State of TN Total" row and submit a revised Demographic Table.

RESPONSE: The revised demographic table is set forth below.

	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population - Current Year	Total Population - Projected Year	Total Population-% Change	*Target Population-Current Year	*Target Population-Project Year	*Target Population-% Change	Target Population Projected Year as	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total Population
County A Williamson	219,105	251,638	17.5 %	111,998	132,912	18.7%	51.6%	38.9	\$96,565	10,172	5.1%	12,460	5.7%
County B, etc. Davidson	684,415	730,404	6.7%	354,771	377,162	6.3%	51.6%	34.2	48,638	116,031	18.2%	141,404	20.7%
Service Area Total **	903,520	988,039	9.4%	466,769	510,074	9.3%	51.6%			126,203	14%	153,864	17%
State of TN Total	6,651,120	7,263,813	9.2%	3,408,359	3,732,252	9.5%	51.4%	38.4	45,129	1,117,594	17.6%	1,446,810	21.8%

* Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

4. Section B. Economic Feasibility Item B. Funding Sources

Your response to this item is noted. The letter from the bank indicates that the loan will be for just under \$1.6M. Since the total project cost is \$4,524,636, please discuss where

the additional funds will come from and provide documentation of the availability of these funds (Including funds from cash reserves and/or operating revenue).

RESPONSE: See the response to Request No. 7 below for the details of how this project is being financed, and the availability of funds.

5. Section B. Economic Feasibility Item D. Projected Data Chart

The revised Projected Data Chart is noted. The projected cases do not match up with projected cases in other part of the application and supplemental response.

Please address these discrepancies.

RESPONSE: The applicant's revised projected utilization chart attached above in responses to Requests 1 and 2, shows that the applicant projects 780 surgical cases and procedures in Year 1 of the ASTC's operation and 915 surgical cases and procedures in Year 2. These utilization volumes are consistent with the Projected Data Chart as filed with the original responses to requests for supplemental information, the CON application attached replacement page 15R (correcting a typo in the quarterly data table), the projected utilization table in the response to No. 1 of the second set of supplemental responses above, and elsewhere in the supplemental responses. Thus, the revised total figures for cases and procedures now should be consistent in the application and supplemental responses at 780 surgical cases and procedures in Year 1 and 915 surgical cases and procedures in Year 2 of the ASTC's operation.

6. Section B. Economic Feasibility Item E. 1)

Your response to this item is noted; however this chart on page 31 of the original application still needs to be updated. Please correct this chart and submit a replacement page 31.

RESPONSE: As the applicant noted in its response to initial Supplemental Request No. 16, the medical practice cases and procedures of the PLLC currently consist of elective plastic surgery cases and procedures which are private pay cases. Other than the charity cases it refers to in the Projected Data Chart, which are deductions from Gross Charges, the applicant does not project any other deductions. The requested replacement page 31 is attached.

7. Section B. Economic Feasibility Item F. 1)

Please provide a breakdown by source for the funds needed to cover the \$4,524,636 total project cost.

RESPONSE: The chart entitled "Building Cost Summary" on page 24 of the CON application indicates the total costs of the entire building's acquisition and conversion, plus the costs of developing the physical ASTC and other building components at this

site. The costs of this entire building and its ASTC area and other components will be essentially financed by three loans, as shown below. Offers by First Citizens Bank have been separately received by the PLLC members for these loans. These three loans include the \$4.6 million referred to in Request No. 4 above, and copies of the financing letters from First Citizens for all three loans are attached to these responses.

The Loan for the ASTC ("Tenant Finish Out Surgery Center") from First Citizens will be for \$1,572,858.17 and will be made to The Plastic Surgery Center Brentwood, LLC, the CON applicant.

The Loan for the building acquisition, site development, "Building Shell Conversion Cost and related costs will be for \$5,311,196.56 and is planned to be from First Citizens Bank to TigerCo, LLC, the owner of the property, as described in the CON application. Dr. Moore and Dr. Papillion are the members of TigerCo, LLC. This loan will ultimately be secured by a mortgage from First Citizens.

The Loan to the PLLC for Tenant Finish Out Clinical and Non-Surgical areas of the building will be for \$1,302,221.71 and is planned to be from First Citizens, as shown by the attached letter from Jonathan Williams. Dr. Moore and Dr. Papillion are the members of the PLLC.

The total of these loans is \$8,186,276. The remainder of the total cost, which is \$590,133, will come from the cash flow of the PLLC and will be payable over time. The PLLC has already funded approximately \$350,000 of the \$590,133 referenced above. The PLLC showed net operating income of over \$965,000 in its 2016 income statement, attached to the CON application.

8. Section B. Economic Feasibility Item G.

The applicant states that the revised Projected Data Chart shows projected Medicare revenue and deductions. Please describe where this takes place on the Projected Data Chart.

RESPONSE: As set forth in the applicant's response to initial Supplemental Request No. 22, the applicant will not seek Medicare certification within its first two years of ASTC operations. Thus, any indications in its prior response to Supplemental Request No. 21 or elsewhere to the contrary are incorrect and should instead reflect the applicant's determination to wait on Medicare certification efforts until it has gained experience in operating its ASTC, as shown by initial supplemental Request Response No. 22.

9. Section B. Contribution to Orderly Development Item D

Your response to this question conflicts with what was stated in the response to the previous question, i.e., that the Projected Data Chart now shows projected Medicare revenue and deductions.

Mr. Mark Farber
November 30, 2017
Page 11

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Supplemental #A2

November 30, 2017

1:58 PM

Please address this discrepancy.

RESPONSE: The Projected Data Chart filed with the initial responses to Requests for supplemental information does not show projected Medicare revenue and deductions. This Projected Data Chart as filed, is consistent with the Applicant's response to Supplemental Request No. 22 as referenced immediately above, in that no Medicare revenues or deductions are indicated thereon.

Signature on following page

Mr. Mark Farber
November 30, 2017
Page 12

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Supplemental #A2

November 30, 2017

1:58 PM

Sincerely,

A handwritten signature in black ink, appearing to read "Winn Elliott", with a long horizontal flourish extending to the right.

Winn Elliott, Business Manager

WE/mhh

Enclosures

November 30, 2017**1:58 PM****FIRST CITIZENS
NATIONAL BANK**

MEMBER FDIC

11/15/17

9045 Carothers Parkway
Franklin, TN 37067
615.591.2248

www.FirstCNB.com

Dear Eric,

Pursuant to your request here is the proposal for TigerCo, LLC that we discussed today:

Borrower: TigerCo, LLC

Amount : \$5,311,196.56

Construction Loan:

Fee: 0.25%

LTV: 90% LTC not to exceed 80% LTV upon completion

Rate: Prime Rate

Structure 12 months interest only

Guarantees: Dr. Moore 100% of loan amount

Dr. Papillion 100% of loan amount

Permanent Financing:

Fee: 0.25%

Secured by a first mortgage against the real estate

Structure: 25 year amortization / 7 year ARM

Rate: 4.25%

LTV: is not to exceed 80%

Renewal: 10 year T-Bill + 2.50%

Guarantees: Dr. Moore 60% of loan amount

Dr. Papillion 40% of loan amount

This proposal is not a commitment to lend and is subject to a full underwrite, approval, due diligence, and full banking relationship for the borrowing entity.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jonathan Williams'.

Jonathan Williams
Vice President/Commercial Banker
First Citizens National Bank
Cool Springs Office

Unbelievably Good

November 30, 2017**1:58 PM****FIRST CITIZENS
NATIONAL BANK**

MEMBER FDIC

9045 Carothers Parkway
Franklin, TN 37067
615.591.2248www.FirstCNB.com

11/15/17

Dear Eric,

Pursuant to your request here is the proposal for Plastic Surgery Clinic PLLC that we discussed today:

Borrower: Plastic Surgery Clinic PLLC

Amount: \$1,302,221.71

Fee: 0.25%

Secured by Blanket Lien on Plastic Surgery Clinic, PLLC (essentially tenant improvements) and cross collateralized by real estate

Structure: 15 year amortization / 7 year ARM

Rate: 4.25%

Renewal: 10 year T-Bill + 2.50%

Guarantees: Dr. Moore 50% of loan amount

Dr. Papillion 50% of loan amount

This proposal is not a commitment to lend and is subject to a full underwrite, approval, due diligence, and full banking relationship for the borrowing entity.

Sincerely,

Jonathan Williams
Vice President/Commercial Banker
First Citizens National Bank
Cool Springs Office

Unbelievably Good

November 30, 2017**1:58 PM****FIRST CITIZENS
NATIONAL BANK**

MEMBER FDIC

9045 Carothers Parkway
Franklin, TN 37067

615.591.2248

www.FirstCNB.com

11/15/17

Dear Eric,

Pursuant to your request here is the proposal for The Plastic Surgery Center Brentwood, LLC that we discussed today:

Borrower: The Plastic Surgery Center Brentwood, LLC

Amount: \$1,572,858.17

Fee: 0.25%

Secured by Blanket Lien on The Plastic Surgery Center Brentwood, LLC (essentially tenant improvements) and cross collateralized by real estate

Structure: 15 year amortization / 7 year ARM

Rate: 4.25%

Renewal: 10 year T-Bill Rate + 2.50%

Guarantees: Dr. Moore 50% of loan amount

Dr. Papillion 50% of loan amount

This proposal is not a commitment to lend and is subject to a full underwrite, approval, due diligence, and full banking relationship for the borrowing entity.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jonathan Williams'.

Jonathan Williams
Vice President/Commercial Banker
First Citizens National Bank
Cool Springs Office

Unbelievably Good

November 30, 2017**1:58 PM****AFFIDAVIT**

STATE OF TENNESSEE


COUNTY OF DAVIDSON


NAME OF FACILITY: THE PLASTIC SURGERY CENTER OF BRENTWOOD

I, WINTON ELLIOTT, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.


Signature/Title BUSINESS MANAGER

Sworn to and subscribed before me, a Notary Public, this the 30th day of November, 2017, witness my hand at office in the County of Davidson, State of Tennessee.


NOTARY PUBLIC



My commission expires 7/2/18.

HF-0043

Revised 7/02



State of Tennessee
Health Services and Development Agency
 Andrew Jackson Building, 9th Floor
 502 Deaderick Street
 Nashville, TN 37243
www.tn.gov/hsda

Phone: 615-741-2364

Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the Tennessean which is a newspaper of general circulation
 (Name of Newspaper)
 in Davidson, Tennessee, on or before November 10, 2017, for one day.
 (County) (Month / day) (Year)

=====

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

The Plastic Surgery Center of Brentwood a proposed ambulatory surgical treatment center
 (Name of Applicant) (Facility Type-Existing)

owned by: The Plastic Surgery Center of Brentwood, LLC with an ownership type of limited liability company
 and to be managed by: itself intends to file an application for a Certificate of Need for:

the establishment of a single-specialty ambulatory surgical treatment center with two operating rooms and one procedure room. This ambulatory surgical treatment center will be limited to plastic surgery cases and procedures performed by medical physicians who are owners or employees of The Plastic Surgery Clinic, PLLC, which does business as Cool Springs Plastic Surgery. The project's location will be at 620 Church Street East, Brentwood, Tennessee 37027 in Davidson County. The estimated project costs are approximately \$4,700,000. No inpatient beds are affected by or involved in the project. No major medical equipment will be involved in this project.

The anticipated date of filing the application is November 15, 2017.

The contact person for this project is Winn Elliott Business Manager
 (Contact Name) (Title)

who may be reached at: Cool Springs Plastic Surgery 1909 Mallory Lane, Suite 104
 (Company Name) (Address)

Franklin Tennessee 37067 615 / 771-7718
 (City) (State) (Zip Code) (Area Code / Phone Number)

William West 11/9/17 winn@coolspringsplasticsurgery.net
 (Signature) (Date) (E-mail Address)

=====

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

=====

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

**RULES
OF
HEALTH SERVICES AND DEVELOPMENT AGENCY**

**CHAPTER 0720-11
CERTIFICATE OF NEED PROGRAM – GENERAL CRITERIA**

TABLE OF CONTENTS

0720-11-.01 General Criteria for Certificate of Need

0720-11-.01 GENERAL CRITERIA FOR CERTIFICATE OF NEED. The Agency will consider the following general criteria in determining whether an application for a certificate of need should be granted:

- (1) Need. The health care needed in the area to be served may be evaluated upon the following factors:
 - (a) The relationship of the proposal to any existing applicable plans;
 - (b) The population served by the proposal;
 - (c) The existing or certified services or institutions in the area;
 - (d) The reasonableness of the service area;
 - (e) The special needs of the service area population, including the accessibility to consumers, particularly women, racial and ethnic minorities, TennCare participants, and low-income groups;
 - (f) Comparison of utilization/occupancy trends and services offered by other area providers;
 - (g) The extent to which Medicare, Medicaid, TennCare, medically indigent, charity care patients and low income patients will be served by the project. In determining whether this criteria is met, the Agency shall consider how the applicant has assessed that providers of services which will operate in conjunction with the project will also meet these needs.
- (2) Economic Factors. The probability that the proposal can be economically accomplished and maintained may be evaluated upon the following factors:
 - (a) Whether adequate funds are available to the applicant to complete the project;
 - (b) The reasonableness of the proposed project costs;
 - (c) Anticipated revenue from the proposed project and the impact on existing patient charges;
 - (d) Participation in state/federal revenue programs;
 - (e) Alternatives considered; and
 - (f) The availability of less costly or more effective alternative methods of providing the benefits intended by the proposal.

(Rule 0720-11-.01, continued)

- (3) Quality. Whether the proposal will provide health care that meets appropriate quality standards may be evaluated upon the following factors:
 - (a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;
 - (b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;
 - (c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;
 - (d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;
 - (e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;
 - (f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;
 - (g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.
 1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:
 - (i) Those having the same accrediting standards as the licensed hospital of which it will be a department, for a Freestanding Emergency Department;
 - (ii) Accreditation Association for Ambulatory Health Care, and where applicable, American Association for Accreditation of Ambulatory Surgical Facilities, for Ambulatory Surgical Treatment Center projects;
 - (iii) Commission on Accreditation of Rehabilitation Facilities (CARF), for Comprehensive Inpatient Rehabilitation Services and Inpatient Psychiatric projects;
 - (iv) American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority, for Megavoltage Radiation Therapy projects;
 - (v) American College of Radiology, for Positron Emission Tomography, Magnetic Resonance Imaging and Outpatient Diagnostic Center projects;

(Rule 0720-11-.01, continued)

- (vi) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, or another accrediting body with deeming authority for hospice services from CMS or state licensing survey, and/or other third party quality oversight organization, for Hospice projects;
 - (vii) Behavioral Health Care accreditation by the Joint Commission for Nonresidential Substitution Based Treatment Center, for Opiate Addiction projects;
 - (viii) American Society of Transplantation or Scientific Registry of Transplant Recipients, for Organ Transplant projects;
 - (ix) Joint Commission or another appropriate accrediting authority recognized by CMS, or other nationally recognized accrediting organization, for a Cardiac Catheterization project that is not required by law to be licensed by the Department of Health;
 - (x) Participation in the National Cardiovascular Data Registry, for any Cardiac Catheterization project;
 - (xi) Participation in the National Burn Repository, for Burn Unit projects;
 - (xii) Community Health Accreditation Program, Inc., Accreditation Commission for Health Care, and/or other accrediting body with deeming authority for home health services from CMS and participation in the Medicare Quality Initiatives, Outcome and Assessment Information Set, and Home Health Compare, or other nationally recognized accrediting organization, for Home Health projects; and
 - (xiii) Participation in the National Palliative Care Registry, for Hospice projects.
- (h) For Ambulatory Surgical Treatment Center projects, whether the applicant has estimated the number of physicians by specialty expected to utilize the facility, developed criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documented the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.
- (i) For Cardiac Catheterization projects:
 - 1. Whether the applicant has documented a plan to monitor the quality of its cardiac catheterization program, including but not limited to, program outcomes and efficiencies;
 - 2. Whether the applicant has agreed to cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee, which may be developed per Policy Recommendation; and
 - 3. Whether the applicant will staff and maintain at least one cardiologist who has performed 75 cases annually averaged over the previous 5 years (for an adult program), and 50 cases annually averaged over the previous 5 years (for a pediatric program).
- (j) For Open Heart projects:

(Rule 0720-11-.01, continued)

1. Whether the applicant will staff with the number of cardiac surgeons who will perform the volume of cases consistent with the State Health Plan (annual average of the previous 2 years), and whether the applicant will maintain this volume in the future;
 2. Whether the applicant will staff and maintain at least one surgeon with 5 years of experience;
 3. Whether the applicant will participate in a data reporting, quality improvement, outcome monitoring, and peer review system that benchmarks outcomes based on national norms, with such a system providing for peer review among professionals practicing in facilities and programs other than the applicant hospital (demonstrated active participation in the STS National Database is expected and shall be considered evidence of meeting this standard);
- (k) For Comprehensive Inpatient Rehabilitation Services projects, whether the applicant will have a board-certified physiatrist on staff (preferred);
- (l) For Home Health projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
- (m) For Hospice projects, whether the applicant has documented its existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system;
- (n) For Megavoltage Radiation Therapy projects, whether the applicant has demonstrated that it will meet the staffing and quality assurance requirements of the American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority;
- (o) For Neonatal Intensive Care Unit projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; whether the applicant has documented the intention and ability to comply with the staffing guidelines and qualifications set forth by the Tennessee Perinatal Care System Guidelines for Regionalization, Hospital Care Levels, Staffing and Facilities; and whether the applicant will participate in the Tennessee Initiative for Perinatal Quality Care (TIPQC);
- (p) For Nursing Home projects, whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program. As an alternative to the provision of third party accreditation information, applicants may provide information on any other state, federal, or national quality improvement initiatives;
- (q) For Inpatient Psychiatric projects:
1. Whether the applicant has demonstrated appropriate accommodations for patients (e.g., for seclusion/restraint of patients who present management problems and children who need quiet space; proper sleeping and bathing arrangements for all patients), adequate staffing (i.e., that each unit will be staffed with at least two direct patient care staff, one of which shall be a nurse, at all

(Rule 0720-11-.01, continued)

- times), and how the proposed staffing plan will lead to quality care of the patient population served by the project;
 2. Whether the applicant has documented its existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring system; and
 3. Whether an applicant that owns or administers other psychiatric facilities has provided information on satisfactory surveys and quality improvement programs at those facilities.
- (r) For Freestanding Emergency Department projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan;
- (s) For Organ Transplant projects, whether the applicant has demonstrated that it will satisfy and maintain compliance with standards in the State Health Plan; and
- (t) For Relocation and/or Replacement of Health Care Institution projects:
1. For hospital projects, Acute Care Bed Need Services measures are applicable; and
 2. For all other healthcare institutions, applicable facility and/or service specific measures are applicable.
- (u) For every CON issued on or after the effective date of this rule, reporting shall be made to the Health Services and Development Agency each year on the anniversary date of implementation of the CON, on forms prescribed by the Agency. Such reporting shall include an assessment of each applicable volume and quality standard and shall include results of any surveys or disciplinary actions by state licensing agencies, payors, CMS, and any self-assessment and external peer assessment processes in which the applicant participates or participated within the year, which are relevant to the health care institution or service authorized by the certificate of need. The existence and results of any remedial action, including any plan of correction, shall also be provided.
- (v) HSDA will notify the applicant and any applicable licensing agency if any volume or quality measure has not been met.
- (w) Within one month of notification the applicant must submit a corrective action plan and must report on the progress of the plan within one year of that submission.
- (4) Contribution to the Orderly Development of Adequate and Effective Healthcare Facilities and/or Services. The contribution which the proposed project will make to the orderly development of an adequate and effective health care system may be evaluated upon the following factors:
- (a) The relationship of the proposal to the existing health care system (for example: transfer agreements, contractual agreements for health services, the applicant's proposed TennCare participation, affiliation of the project with health professional schools);
 - (b) The positive or negative effects attributed to duplication or competition; and

(Rule 0720-11-.01, continued)

- (c) The availability and accessibility of human resources required by the proposal, including consumers and related providers.
- (5) Applications for Change of Site. When considering a certificate of need application which is limited to a request for a change of site for a proposed new health care institution, The Agency may consider, in addition to the foregoing factors, the following factors:
 - (a) Need. The applicant should show the proposed new site will serve the health care needs in the area to be served at least as well as the original site. The applicant should show that there is some significant legal, financial, or practical need to change to the proposed new site.
 - (b) Economic factors. The applicant should show that the proposed new site would be at least as economically beneficial to the population to be served as the original site.
 - (c) Quality of Health Care to be provided. The applicant should show the quality of health care to be provided will be served at least as well as the original site.
 - (d) Contribution to the orderly development of health care facilities and/or services. The applicant should address any potential delays that would be caused by the proposed change of site, and show that any such delays are outweighed by the benefit that will be gained from the change of site by the population to be served.
- (6) Certificate of need conditions. In accordance with T.C.A. § 68-11-1609, The Agency, in its discretion, may place such conditions upon a certificate of need it deems appropriate and enforceable to meet the applicable criteria as defined in statute and in these rules.

Authority: T.C.A. §§ 4-5-202, 4-5-208, 68-11-1605, 68-11-1609, and 2016 Tenn. Pub. Acts Ch. 1043.

Administrative History: Original rule filed August 31, 2005; effective November 14, 2005. Emergency rule filed May 31, 2017; effective through November 27, 2017.

**CERTIFICATE OF NEED
REVIEWED BY THE DEPARTMENT OF HEALTH
DIVISION OF POLICY, PLANNING AND ASSESSMENT
615-741-1954**

DATE: January 31, 2018

The Plastic Surgery Center of Brentwood
620 Church Street East
Brentwood, Tennessee 37027

CONTACT PERSON: Winn Elliott
Cool Springs Plastic Surgery Center
1909 Mallory Lane, Suite 104
Franklin, Tennessee 37067

COST: \$4,524,636

In accordance with Section 68-11-1608(a) of the Tennessee Health Services and Planning Act of 2002, the Tennessee Department of Health, Division of Policy, Planning, and Assessment, reviewed this certificate of need application for financial impact, TennCare participation, compliance with *Tennessee's State Health Plan*, and verified certain data. Additional clarification or comment relative to the application is provided, as applicable, under the heading "Note to Agency Members."

SUMMARY:

The applicant, The Plastic Surgery Clinic, PLLC, located at 620 Church Street East, Franklin, Tennessee 37607, seeks Certificate of Need approval for the establishment of a single specialty ambulatory surgical treatment center with two operating rooms and one procedure room. The ASTC will be limited to the plastic surgery cases and procedures performed by medical physicians who are owners or employees of The Plastic Surgery Clinic, PLLC, which does business as Cool Springs Plastic Surgery. The Plastic Surgery Clinic PLLC plans to move its primary physician practice office to this structure at 620 Church East; it will utilize 71.3% of the building for its primary physician offices of its rapidly growing practice.

The applicant for, The Plastic Surgery Center Brentwood, LLC which is a limited liability company whose members are also members of The Plastic Surgery Clinic, PLLC. The Plastic Surgery Center Brentwood, LLC will lease the space for the ASTC from TIGERCO LLC, the owner of 620 Church Street East in the Brentwood. The owners of TIGERCO are Dr. John Moore and Dr. Paul Papillon, who are also the members of The Plastic Surgery Clinic, PLLC and the Plastic Surgery Center Brentwood, LLC.

The project's estimated costs are \$4,524,636. The applicant will lease the space for the project from TIGERCO, which purchased the existing building at this site from the prior owners and which plans to renovate the building to contain the proposed ASTC, comprising 27.8% of the finished space in this building and medical practice office of the Plastic Surgery Clinic, PLLC. The value of the lease is \$3,099,749.

GENERAL CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all of the general criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

NEED:

The applicant's service area consists of Davidson and Williamson counties. The applicant incorrectly defined the service area by 12 zip code populations located in Williamson and Davidson counties. The applicant identifies these zip codes as 37027, 37067, 37204, 37064, 37069, 37179, 37205, 37215, 37204, 37221, 37062, and 37046.

6. "Service Area" shall mean the county or counties represented by the applicant as the reasonable area to which the facility intends to provide services and/or in which the majority of its service recipients reside.

The correct service area county populations are provided in the following table.

Service Area Population			
	2017	2021	% Increase
Davidson	689,338	722,665	4.8%
Williamson	220,746	239,411	8.5%
Total	910,084	962,076	5.7%

Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health

There is one Single Specialty Plastic Surgery ASTC located in the service area.

Single Specialty	County	2014 # ORs	# OR Cases	2015 # ORs	# OR Cases	2016 # ORs	# OR Cases	% Change
DeLozier Surgery Center	Davidson	1	954	1	457	1	449	-2%

The following table illustrates the 2016 Multi-Specialty Surgery Center's Total Utilization and the Plastic Surgery Cases Only for 2016.

2016 Davidson and Williamson County ASTC Utilization	# ORs	# OR Cases Total	Plastic Surgery Cases Only
Baptist Plaza Surgical	9	8,487	812
Centennial Surgery Center	6	5,216	132
Northridge Surgery Center	5	201	13
St. Thomas Surgicare	6	5,973	291
Summit Surgery Center	5	4,983	49
Cool Springs Surgery Center	5	5,698	286
Total	36	30,558	1,583

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2016 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

Service Area Utilization			2014		2015		2016	
Single Specialty	County	# ORs	# OR Cases	# ORs	# OR Cases	# ORs	# OR Cases	% Change
DeLozier Surgery Center	Davidson	1	954	1	457	1	449	-2%
Multi-Specialty								
Baptist Plaza Surgical	Davidson	9	23628	10	7318	9	8487	16%
Centennial Surgery Center	Davidson	6	11334	6	6058	6	5216	-14%
Nashville Surgery Center	Davidson	5	3927	5	517	0	0	-100%
Northridge Surgery Center	Davidson	5	5147	5	1766	5	201	-89%
St. Thomas Surgicare	Davidson	6	22459	5	5963	6	5973	0%
Summit Surgery Center	Davidson	5	12890	6	4105	5	4983	21%
Cool Springs Surgery Center	Williamson	5	22257	5	5448	5	5698	5%

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2016 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

The above table shows there are one single specialty ASTC and six multi-specialty ASTCs performing plastic surgery cases in the service area. The total number of plastic surgery cases performed totaled 2,032 in 2016.

According to the applicant, given their 12 zip codes service area, there is only one ASTC in Williamson County and One in Davidson County which have provided plastic surgery cases. In Williamson County in 2016, Cool Springs Plastic Surgery provided only 286 plastic surgery cases out of 5,698 total cases. In Davidson County, according to the applicant's zip codes, only one surgery center currently in operation lists any plastic surgery cases in its 2016 utilization. St. Thomas Surgicare reported 291 plastic surgery cases out of 5,973 total surgical cases.

The applicant states the project is economically feasible. The applicant based their project service area on the active plastic surgery case load of the physicians in the Plastic Surgery Clinic, PLLC, who will be the physicians who utilize this ASTC. The physicians are Dr. John R. Moore, Dr. Paul Papillon, and Dr. Mary Lynn Moran. Dr. Moore established his office in 1994 as the first full-time plastic surgeon's office in Williamson County.

This proposed ASTC dedicated to plastic surgery will be the only single specialty ASTC for plastic surgery in the service area. In 2013, HSDA approve CN1303-009AE to another plastic surgery practice, Maxwell Aesthetics, PLC, for establishment of a single-specialty ASTC limited to plastic surgery. That project was never developed, and the representative of the applicant has been informed the CON has expired. Therefore, the applicant believes the need for an ASTC dedicated to plastic surgery has not been fulfilled and that this project will fulfill the need previously identified in the service area for an ASTC dedicated to plastic surgery.

TENNCARE/MEDICARE ACCESS:

The applicant will participate in the Medicare program but not the Medicaid program. The applicant estimates year one Medicare revenues of \$0.

ECONOMIC FACTORS/FINANCIAL FEASIBILITY:

The Department of Health, Division of Policy, Planning, and Assessment have reviewed the Project Costs Chart, the Historical Data Chart, and the Projected Data Chart to determine if they are mathematically accurate and if the projections are based on the applicant's anticipated level of utilization. The location of these charts may be found in the following specific locations in the Certificate of Need Application or the Supplemental material:

Project Costs Chart: The Project Cost Chart is located on page 23 of the application. The total project cost is \$4,524,636.

Historical Data Chart: This is a new ASTC and there is no Historical Data Chart.

Projected Data Chart: The Projected Data Chart is located on page 29R. The applicant project 780 cases/procedures in year one and 915 cases/procedures in year 2 with net operating income of \$190,515 and \$253,665 each year, respectively.

Proposed Charge Schedule

	Previous Year	Current Year	Year One	Year Two	% Change
Gross Charge	\$	\$	\$1,763	\$1,776	N/A%
Average Deduction	\$	\$	\$13	\$16	N/A%
Average Net Charge	\$	\$	\$1,750	\$1,760	N/A%

Proposed Staffing

Title	Proposed FTE
RN OR	4.0
Surgical Tech	12.0
Administrator	.4
Receptionist	.4
Total	6.8

Payor Mix Year One

Payor Source	Projected Gross Operating Revenue	% of Total
Medicare/Medicare Managed Care	0	0
TennCare/Medicaid	0	0
Commercial/Other Managed Care	0	0%
Self-Pay	\$1,375,000	100%
Worker's Comp	0	0%
Charity Care	0	0%
Total	\$1,365,000	100%

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTHCARE:

The applicant states that given that there is no single-specialty ASTCs for plastic surgery in the service area and that Maxwell Aesthetics, PLC , a single-specialty ASTC limited to plastic surgery was approved but never opened and surrendered its CON, this project would have a positive impact on a service area where a need for such a project has been demonstrated.

The applicant does not foresee any negative effect of this proposed project. Cool Springs Plastic Surgery Center has a utilization rate of over 90% and other one ST. Thomas Surgicare has a low utilization rate of plastic surgery cases but an OR utilization of 79%.

The applicant will seek licensure from the Tennessee Department of Health, Board for Licensing Healthcare Facilities and seek accreditation from American Association for Ambulatory Surgical Facilities (AAAHC).

QUALITY MEASURES:

The applicant will seek accreditation from American Association for Ambulatory Surgical Facilities (AAAHC).

SPECIFIC CRITERIA FOR CERTIFICATE OF NEED

The applicant responded to all relevant specific criteria for Certificate of Need as set forth in the document *Tennessee's State Health Plan*.

AMBULATORY SURGICAL TREATMENT CENTERS

Assumptions in Determination of Need The need for an ambulatory surgical treatment center shall be based upon the following assumptions:

1. Operating Rooms

a. An operating room is available 250 days per year, 8 hours per day.

- b. The estimated average time per Case in an Operating Room is 65 minutes.
- c. The average time for clean up and preparation between Operating Room Cases is 30 minutes.
- d. The optimum utilization of a dedicated, outpatient, general-purpose Operating Room is 70% of full capacity. $70\% \times 250 \text{ days/year} \times 8 \text{ hours/day} \div 95 \text{ minutes} = 884 \text{ Cases per year}$.

2. Procedure Rooms

1. **Need.** The minimum numbers of 884 Cases per Operating Room and 1,867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need. An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1,867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to specific type or types should apply for a Specialty ASTC.

Applicant did not respond.

2. **Need and Economic Efficiencies.** An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

Applicant did not respond.

3. **Need; Economic Efficiencies; Access.** To determine current utilization and need, an applicant should take into account both the availability and utilization of either: all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available) OR, all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

Applicant did not respond.

4. **Need and Economic Efficiencies.**

An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are known and relevant, within

the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

Applicant did not respond.

5. Need

An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

Operating Rooms	Procedures	Procedure Rooms	Minutes Used	Schedulable Minutes	% of Schedulable Time Used
Operating Room #1	350	89,000	60	135,000	66%
Operating Room #2	350	89,000	60	135,000	66%
Procedure Room	215	25,800	60	135,000	19%
Total Surgical Suite	915	203,800	60	405,000	50%

There is one Single Specialty Plastic Surgery ASTC located in the service area.

Single Specialty	County	2014 # ORs	# OR Cases	2015 # ORs	# OR Cases	2016 # ORs	# OR Cases	% Change
DeLozier Surgery Center	Davidson	1	954	1	457	1	449	-2%

The following table illustrates the 2016 Multi-Specialty Surgery Center's Total Utilization and the Plastic Surgery Cases Only for 2016.

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Total	36	30,558	1,583

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2016 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

2014 2015 2016
Service Area Utilization

Single Specialty	County	# ORs	# OR Cases	# ORs	# OR Cases	# ORs	# OR Cases	% Change
DeLozier Surgery Center	Davidson	1	954	1	457	1	449	-2%
Multi-Specialty								
Baptist Plaza Surgical	Davidson	9	23628	10	7318	9	8487	16%
Centennial Surgery Center	Davidson	6	11334	6	6058	6	5216	-14%
Nashville Surgery Center	Davidson	5	3927	5	517	0	0	-100%
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St. Thomas Surgicare	Davidson	6	22459	5	5963	6	5973	0%
Summit Surgery Center	Davidson	5	12890	6	4105	5	4983	21%
Cool Springs Surgery Center	Williamson	5	22257	5	5448	5	5698	5%

Source: *Joint Annual Report of Ambulatory Surgical Treatment Centers 2016 Final*, Tennessee Department of Health, Division of Policy, Planning, and Assessment-Office of Health Statistics.

6. Access to ASTCs

The majority of the population in the service area resides within 60 minutes average driving time to the facility.

Other Standards and Criteria

7. Access to ASTCs.

An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available.

The applicant's proposed site is not on a public transportation route but it is located within a quarter of a mile of Interstate 65 and the Old Hickory Interchange.

8. Access to ASTCs.

An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

Service Area Population

	2017	2021	% Increase
Davidson	689,338	722,665	4.8%
Williamson	220,746	239,411	8.5%
Total	910,084	962,076	5.7%

Tennessee Population Projections 2000-2020, 2015 Revised UTCBER, Tennessee Department of Health

9. Access and Economic Efficiencies.

An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

1 st Quarter	150	250
2 nd Quarter	195	208
3 rd Quarter	195	207
4 th Quarter	240	250
Total	780	915

10. Patient Safety and Quality of Care; Health Care Workforce.

a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

The applicant will seek accreditation by AAAHC.

b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

Three owner physicians, Dr. Moore, Dr. Papillon and Dr. Moran will practice plastic surgery at this facility.

11. Access to ASTCs.

In light of Rule 0720-11.01, this lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration.

NA

b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

NA

c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

NA

d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times? The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

NA